

MARCH 16, 1987

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EXCLUSIVE
Sakharov
Speaks
Out

TIME

STARTING OVER



New White House
Chief of Staff
Howard Baker

CIA Nominee
William Webster



New National Security
Adviser Frank Carlucci



**A NEW PERSPECTIVE
ON LEADERSHIP.**





COVER: The President takes the blame 18 for Iranscam and vows to move forward

A masterly speech and an influx of experienced men in key posts revitalize the embattled Administration. New Chief of Staff Howard Baker scores a hit at the White House and on Capitol Hill. William Webster prepares to head the CIA, while Frank Carlucci rebuilds the NSC. Yet a full recovery is threatened by ongoing investigations of the scandal's damning details. See NATION.



WORLD: A Soviet proposal to pull 38 medium-range missiles from Europe

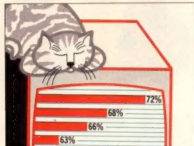
Though the prospect disturbs some officials, Gorbachev and Reagan seem determined to make a disarmament deal.

► A TIME exclusive: Dissident Andrei Sakharov's speeches at a Moscow peace forum. ► An American spying for Israel is sentenced to life in prison. ► Student radicals form the center of opposition to President Chun in South Korea.



PRESS: Days of turbulence, days of 62 change at the network news divisions

Besieged by budget cuts and competition from cable and local stations, CBS, ABC and NBC are re-examining how they go about keeping Americans informed. The sharpest knife is being wielded at CBS, where more than 200 are being fired. Throughout the turmoil, network executives are most concerned about the quality—and direction—of their flagship evening news programs.



54 Economy & Business

As oil imports rise, the U.S. may face another energy shock. ► The Kroh real estate empire collapses. ► Should quotas be auctioned?

72 Education

For some students, the fun in the sun of spring break gives way to work in the slums as campuses experience a renewal of volunteerism.

66 Law

The Supreme Court's ruling on handicap discrimination has major implications for AIDS victims. ► A ban on "humanist" texts.

88 Fashion

Britain's spirited designer Katharine Hammett captures better than anyone else the roughed-up elegance of the everyday.

69 Religion

Televangelist Jimmy Swaggart makes Pentecostal inroads in Latin America. ► A major U.S. church introduces a divorce ritual.

92 Show Business

In California, John Huston, 80, directs Daughter Anjelica in his 37th feature film, James Joyce's classic story *The Dead*.

71 Computers

Carrying as much information as 1,500 floppy disks, the familiar compact disc can now be used as a data bank for personal computers.

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Local governments are telling private clubs to quit barring people—for example, women. Some clubs are giving in, some are fighting.

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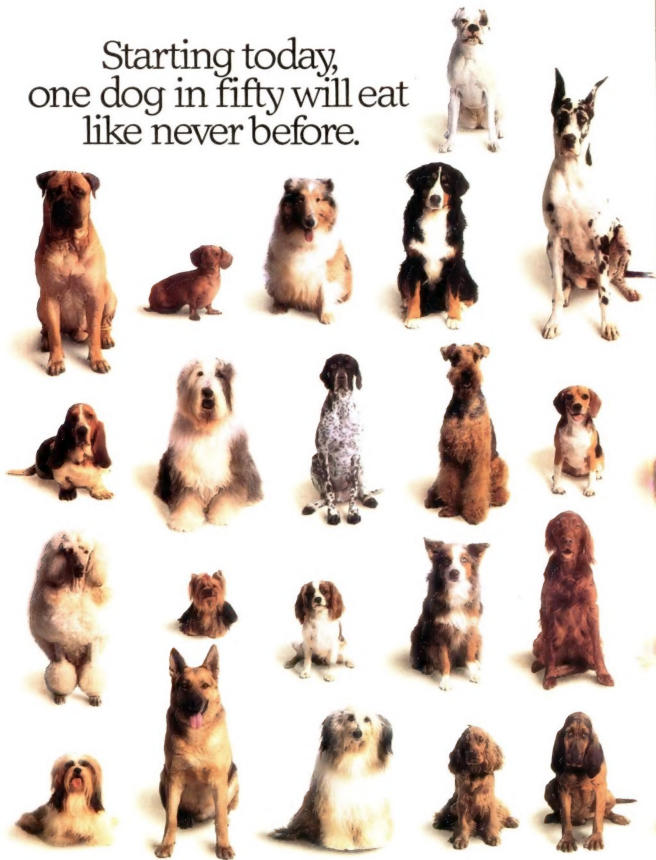
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Cover: Illustration by Nigel Holmes; photographs, clockwise from top, by Dirck Halstead, Brad Markel—Gamma/Liaison and Dennis Brack—Black Star

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A Letter from the Publisher

Many Western observers attending an international "peace forum" in Moscow three weeks ago were startled when Kremlin Critic Andrei Sakharov showed up for Mikhail Gorbachev's closing address, listened intently and applauded. But few at that conference had a chance to learn the actual views of the physicist who won the Nobel Peace Prize in 1975. Sakharov seemed to avoid the press, confining his remarks to closed-door sessions with fellow scientists. Only tantalizing snippets of his opinions leaked out.

A week after the Moscow meeting, TIME's Washington bureau chief, Strobe Talbott, took a call from Sakharov's son-in-law Efrem Yankelevich, now a resident of Newton, Mass. Yankelevich told Talbott that his father-in-law had sent a copy of the private speeches Sakharov, said Yankelevich, had requested that a way be found to publish their text. Talbott and State Department Correspondent David Aikman, both of whom read Russian, studied the material and recommended that TIME print the dissident's views. This week the magazine takes an exclusive look at those statements, Sakharov's most detailed examination of U.S.-Soviet relations and arms control since he and his wife Elena Bonner returned three months ago from internal exile in Gorky.



Talbott and Aikman review Sakharov material

TIME has followed the Sakharov saga since 1961, when the man who helped develop the Soviet H-bomb went on record opposing atmospheric testing of a 100-megaton weapon. In February 1977 a cover story focused on his pivotal role in organizing Soviet human-rights campaigners. And last October TIME featured excerpts from *Alone Together*, the autobiography of Bonner. Says Talbott of Sakharov's views in this week's issue: "His arms-control advice could hardly be more timely. It comes just as the negotiations in Geneva are showing their

first serious signs of progress since the debacle at Reykjavik."

Working with Yankelevich, Talbott and Aikman edited the speeches into a single letter from the physicist. Aikman, who was Eastern Europe bureau chief from 1977 to 1978, wrote an introduction to the text, focusing on its views of the arms race and on Gorbachev's push for reforms. "The struggle in the Soviet Union between the momentum for change and the inertia of privilege," says Aikman, "is one of the great political and intellectual dramas of our day."

Robert L. Miller

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Letters

Out of Africa

To the Editors:

I consider myself a sophisticated world traveler, but nothing I have seen, from Egypt's pyramids to China's Great Wall, can compare with a camera safari in Kenya. I lived it again through your thoughtful cover story (ESSAY, Feb. 23) and stunning photography.

Madeline Dausey
Elkhart, Ind.

In 1922 my father and I, a 13-year-old, went on a hunting safari in Africa for six months and covered most of the game areas you mentioned in your story. There were no airplanes and few autos, the streets of Nairobi were dirt roads, and most of the natives were living in a tribal state. My best friends were Colobus and blue monkeys who came and slept with me when they got cold. I did not return to Africa. I never wanted to face the mutilation of my memories. Thank you for renewing my youth for a short time.

Daniel B. Streeter
Belleair, Fla.

There were moments when Lance Morrow forgot he was Ernest Hemingway and came down to earth. In those passages Morrow did Kenya credit. At other



times his writing was mere literary affectation, with repeated references to dreams and fanciful comments by the Masai. I know the Masai well and, as a wildlife researcher and photographer, have on occasion lived among them. If they think the visitor is a greenhorn, their tales are marvelously inventive with flights of fancy. They will, with a nice sense of irony, give answers that naive questions like Morrow's deserve.

Patrick Clarke
Nairobi

As a Kenyan studying in the U.S., I found your story condescending to the indigenous population. Quoting sources, like Jim Trench, who said, "Africa would not be Africa without the wild animals," illustrates a disregard for Africa's people. This sentiment is expressed by many Westerners who tour East Africa to see its wildlife. Few take time to appreciate the people. I hope the day will come when the world will not only be in awe of Africa's wildlife but will see the continent as a center of a rich culture and an entity to be reckoned with in international affairs.

Richard Dantas
Stanford, Calif.

A year ago my husband and I were on safari in Kenya and Tanzania. We were unprepared for the emotional response we had to the animals, the people and the land. We were told, "When you leave Africa, you leave a portion of your soul, which you must later return to claim." Thank you for bringing back to us the essence of our African experience.

Susan Niblack Goldsmith
Hennepin, Ill.

Mexico's Problems

Your article "A Swelling Tide of Troubles" (WORLD, Feb. 23) presents a distorted view of the current situation in

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Mexico. Last year Mexico lost \$8.5 billion in oil revenues and an additional more than \$1 billion in other commodity exports, and its government did not receive any fresh commercial credit from abroad; nonetheless, debt servicing did not stop, and hard-currency reserves increased by 25%. These results have been hailed by analysts of the financial community as an achievement. Furthermore, if one were to look for a measure of confidence, the recent inflow of \$1.7 billion worth of private capital would be an appropriate indicator.

It is not true that the government has failed to cut government spending. Expenditures in goods and nonfinancial services fell by more than 8% of gross domestic product from 1982 to 1986. No other country in the world has carried out such an adjustment in so short a span of time. Your article does not contribute to a correct appreciation of the efforts Mexico has made, and keeps making, to overcome its economic problems.

Pedro Aspe A.
Under Secretary of Planning and
Budget Control
Mexico City

TIME regrets not giving credit to the De la Madrid government for reducing spending.

Smokeless Society

As someone who will be a smoker until I die, I resent the current fuss and the laws banning smoking in public areas

[NATION, Feb. 23]. By now everyone knows that smoking can kill and that it cuts years off one's life. I will just have to cram more living into fewer years.

Jacqui Brownstein
Philadelphia

I am a nonsmoker and must endure an office full of smoke. I am not against people smoking. If they want to ruin their health, let them. But I do object when their habit discomforts me while I make a living. The rights of these smokers end where my nose begins.

Joanie C. Phelps
Mesa, Ariz.

In the stop-smoking classes I teach, I always include a session combining non-smokers' rights with courtesy to smokers. These are not mutually exclusive, and I have found that ex-smokers, far from being self-righteous zealots, regard smokers with compassion and pity.

Nancy Pennington
Seattle

Understanding Cambodia

Your article on Someth May's book about the Cambodian holocaust [BOOKS, Feb. 9] states, "May never tries to explain the horror. The real horror, he knows, is that it cannot be explained." The fact is that the principles for the radical economic transformation of Cambodian society

were outlined in a thesis written at the University of Paris in 1959 by Khieu Samphan, who became Khmer Rouge commander in chief during the war and head of state afterward. It is my opinion that when Communists take over a country, they emerge victorious from the power struggle because they are the most ruthless. Add to this a preference for revolutionary rather than evolutionary change, and the result is a brutal, dogmatic ideological framework. The "horror" in Cambodia can be explained. Tragically, however, there are too many intelligent people telling the world this kind of holocaust has no explanation.

Dennis McMurray
Dammam, Saudi Arabia

AIDS and Condoms

In your cover story on how heterosexuals are coping with AIDS [LIVING, Feb. 16], you quoted me in isolation as saying "AIDS is a condom marketer's dream." I was referring to the social environment of the past 30 years, in which condoms had very little access to the advertising media. Nice people did not want to talk about condoms in those days, even though the condom could deal with a variety of societal problems, such as sexually transmitted diseases, teenage pregnancies and countless deaths from illegal abortions. My remark alluded to the sudden change in attitude that has taken place in our so-

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TIME
ALL THAT MATTERS

Letters

ciety, brought about by the very serious need to save lives in the AIDS crisis. That, indeed, is a condom marketer's dream.

*John H. Silverman, President
Ansell-Americas
Tinton Falls, N.J.*

Emergency Treatment

I am concerned about the negative inferences made about St. Mary Hospital in your account of life among the homeless [NATION, Feb. 2]. When Gary Shaw, a homeless man, was brought into the hospital after a severe beating, he was taken directly into the examination room, X-rayed and cared for by a physician. The emergency-room staff then called and paid for a cab to take Mr. Shaw to a friend's home, an address that was first verified as valid. He was not discharged to the street but was treated with compassion and concern.

*Ronald R. Aldrich, President
Franciscan Health System
Philadelphia*

Covering Contras

Your story on the difficulties in reporting the Nicaragua war [PRESS, Feb. 16] states, "For the past year, not a single reporter for a major U.S. publication or TV network has been allowed past Las Trojes to spend time with the *contras*."

Although I realize I am setting myself up for an obvious insult, allow me to point out that the *New Republic's* senior editor Fred Barnes visited the *contras'* camps and wrote about his experience for our April 7, 1986, issue.

*Michael Kinsley, Editor
New Republic
Washington*

TIME regrets the error.

Altering Operas

The revolution in opera staging [MUSIC, Feb. 23] is disgusting. I do not want to see *Tosca* transposed to 1944 or *Rigoletto* as a 1950s Mafia romance. Most composers left clear, specific directions about the action and the sets of their works. The directors who violate the original, traditional concepts may succeed in ultimately destroying opera completely.

*Margaret Dalton
Belmont, Mass.*

I do not care if *Tosca* is set in the antebellum American South, *Elektra* in Tanzania, or *Carmen* in Timbuktu—as long as the singers are topnotch. Unfortunately, that is often not the case today.

*Steven R. Van Dien
Menomonee Falls, Wis.*

LETTERS TO THE EDITOR should be addressed to TIME, Time & Life Building, Rockefeller Center, New York, N.Y. 10020, and should include the writer's full name, address and home telephone. Letters may be edited for purposes of clarity or space.

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American Scene

Philadelphia Piping

It is a cold, gray day in Philadelphia, and the furnace in the drafty old Commodore Barry Club can push the temperature only to about 50° F, but the musicians just button their overcoats tighter, blow on their hands and take out their instruments. After all, it isn't every day that so many of their kind—20, at least—gather

to obtain, harder to maintain and nearly impossible to play.

Indeed, Uilleann piping is so intimately linked with frustration and suffering that players consider themselves initiates in what approaches a religion. According to tradition, it takes "seven years' listening, seven years' practicing and seven years'



Bagpiper Timothy Britton, center, is accompanied on fiddle and mandolin

in one place. In a musical subculture so arcane that few even know it exists, this counts as a world-class event: the first East Coast Convention of Cumann na bPobairi, the national Irish Pipers' Club—and what is a little discomfort? The novices are eager to hobnob with such superstars as Al Purcell, from Detroit; Bill Ochs, Jerry O'Sullivan and Matt Connolly, out of New York; and Denis Brooks, all the way from Seattle. For the pros, it is a chance to trade techniques, tunes and gossip saved since they last met.

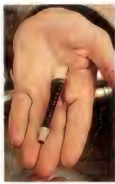
The word bagpipes conjures up an image that is, in this case, far off the mark. Unlike their strident, better known and more ancient Scottish cousins, the Irish (or Uilleann) bagpipes are soft and melodious; their construction is different, and no one wears an ethnic costume for performances. Not that the Irish scorn the Highland pipes; they play them too, on occasions like St. Patrick's Day parades, but that is in part because the Irish pipes cannot be played standing up. Besides, they are not very loud. The Scottish variety is challenging enough, but Uilleann pipes are in a class by themselves. They are diffi-

cult to obtain, harder to maintain and nearly impossible to play. playing to make a piper," but the reward is mastery of a difficult physical skill, plus the experience of creating one's own musical nirvana. The sound is something like an oboe, something like a bassoon, and, when all the various parts are used, like several of each playing at once.

Even after 21 years, though, the suffering is not over. Uilleann pipes are fiendishly temperamental; they can break down in dozens of ways without warning, and the prudent performer is always ready for a crisis. "Can anybody help me with this reed?" calls out Sandy Jordan, a Virginia-accented neophyte and the only woman in a room filled with bearded young men.

Timothy Britton, a piper, pipemaker and transcendental mediator, comes over to have a look. "The reed's cracked," he says after a quick inspection. "Here, try some Crazy Glue." More trouble from across the room: a cigar-chewing piper, improbably named Roy Rogers Jr., has a mysterious air leak. "Blow some smoke into the bag and see where it comes out," advises Britton.

He is tall and thin, with curly blond hair cascading over his ears and neck, a mustache and a goatee, a



The temperamental reed

TIME, MARCH 16, 1987

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1. *Journal of the American Medical Association*, 1997; 278: 1000-1005.

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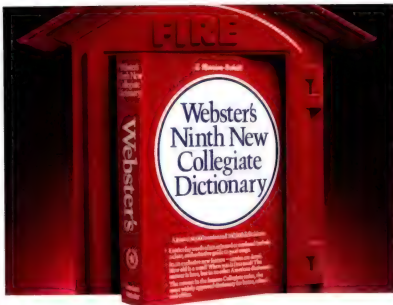
thrift-shop tweed coat, a 1940s-vintage wool overcoat and a single earring. Britton will lead today's workshop on the fine points of piping technique. He is something of a phenomenon: only 26, he has been a master piper for a decade. He did have an unfair advantage: his father George was a folk musician and music teacher before it was fashionable and was a founder of the venerable Philadelphia Folk Song Society. Tim started on baritone ukulele before he was eight and took up the Highland pipes at eleven (the "war pipes," he calls them, an appropriate name for an instrument that is the Scottish equivalent of the bugle).

But a year later, when he met a misanthropic Uilleann piper named Tom Standeven, he had the flash of inspiration many Irish pipers describe: "I was just blown away. I knew instantly that I wanted to play this instrument." Recalls Britton: "Tom was like a high priest with a new disciple. He told me that a piper has to be a woodworker, leatherworker, metalsmith and reedmaker just to maintain the instrument, and that I would have to learn Gaelic to understand the rhythm of piping. Basically, though, I had really long hair at the time, and I think he was afraid I'd use the pipes to play rock."

In the end, Standeven refused to tell this unworthy kid where to get a set of pipes. Remembers Britton: "It took me three years to get my first set." Once he had them, though, he learned quickly and, by the age of 16, had resolved to become a pipemaker himself. That he did, with great success. Like children, bagpipes always belong, in a sense, to those who brought them into the world. Thus, while some of the musicians show off Kennedy's pipes, or Quinn's, about a quarter of those present boast a set of "Timmy's pipes."

The preliminaries are finally over, the pipes assembled and tuned, and it is time to do some serious piping. Britton straps himself into his instrument like a fighter pilot getting ready for combat. First comes the bellows, a smaller version of the fireplace variety, belted next to his body and held under his right arm (whence comes the name: Uilleann is based on the Gaelic word for elbow). The bellows replaces a Scotsman's lungs in filling the leather bag that drives the sound. The bag goes under his left arm: out of it and across his lap comes a collection of wood and brass tubes. Some of these are the drones, which sound continuously in the background; the others, called regulators, are activated by brass keys studded along their length and are used intermittently for emphasis. Last of all comes the melody-making chanter, an oboe-like device attached to the bag, with holes and keys and a double reed hidden at the top.

Britton begins to play, with the counter-intuitive, complicated movements that make the Uilleann pipes so damnably difficult: he presses on the bag with his left arm, periodically refilling it by pumping on the bellows with his right, occasionally hitting his regulator keys



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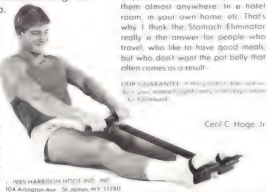
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with the right wrist while simultaneously playing melody on the chanter, not using the sensitive tips but rather the relatively nerve-poor second joints of his fingers. "It feels bizarre at first," he says (since his mouth is uncumbered, he can, unlike a Scottish piper, play and instruct at the same time), "but, believe me, it's the least bizarre of all the alternatives. Now, there are three ways to play C natural . . ."


And he is off on a four-hour lecture, full of piping lore and the illustrative invocation of legendary figures. "Now, Willie Clancy's playing had a lot of raw energy. He liked to bite every note with sharp teeth—or maybe even with dull teeth, so it would cut even rougher. Liam O'Flynn, on the other hand, prefers to play a tune refined to the ultimate, with the least possible moral disturbance." In the course of the afternoon we learn the pipes were born sometime in the 18th century; the reason, say some, was that the British banned the playing of the war pipes, having enough trouble with their difficult Irish subjects as it was. Others claim the Uilleann pipes, based on French and Italian prototypes, were simply more versatile and better able to manage the complexities of Irish jigs and reels.

By late afternoon the lecture is coming to a close, but the best is still to come. Tonight, and probably continuing far into tomorrow morning, there will be a *seisiún*, as in jam *seisiún*. Fledgling pipers will bring out instruments they really know how to play—fiddles, hammered dulcimers, tin whistles, mandolins—and dream of a day when they might join the elite. When a good *seisiún* is in the air, the word spreads, and the chance to play with not just one but five or six of the best pipers in the country all at once will bring out Irish musicians from all over the Philadelphia area. Note that it is the music that is Irish, not necessarily the players. The emotionally powerful jigs, reels, hornpipes and slow airs of traditional Irish music have made converts from all races, religions and musical creeds. Britton himself is three-quarters German, and Sandy Jordan was raised on bluegrass.

Tomorrow's event: the reedmaking workshop. Even those who go to sleep after 5 will be prompt. Reedmaking is the essence of piping, the frustration of frustrations (a classic instruction book on the topic is *The Piper's Despair*). But it is a necessary evil for those who cannot afford to drop \$25 or more every time a reed goes bad, which happens maddeningly often. In fact, says Britton, quoting an old oboe player's maxim, "there are no good reeds. We just learn to play the bad ones."

The heat is finally up, which forces some of the pipes to go out of tune. Another hardship to overcome, but the pleasure of piping is earned through sacrifice. Says Britton: "I heard of one piper who had an operation to cut the skin between his fingers so he could stretch to reach the holes better. Personally, I think that's a little extreme—but I understand the impulse."

—By Michael D. Lemonick



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Liberty Launch - Andrew Wyeth



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Trying a Comeback

Reagan concedes error in Iranscam, but can he still lead?



"I take full responsibility for my own actions and for those of my Administration. As angry as I may be about activities undertaken without my knowledge, I am still accountable for those activities. As disappointed as I may be in some who served me, I am still the one who must answer to the American people for this behavior. And as personally distasteful as I find secret bank accounts and diverted funds, well, as the Navy would say, this happened on my watch...."

"There are reasons why it happened, but no excuses. It was a mistake."

For the old trouper it was a masterly performance. Speaking to the nation on Ash Wednesday in perhaps the most important address of his long political career, Ronald Reagan was simultaneously repentant yet still proud, regretful yet determined. He unflinchingly accepted responsibility for the Iran-contras scandal that has threatened his presidency. But while admitting that his overture to Iran quickly turned into an arms-for-hostages swap because he was so deeply concerned about the hostages' well-being, the President refused to disavow the initiative as wrong-headed from the start.

Instead, Reagan looked to the future, assuming the tone of a grandfatherly sage: "By the time you reach my age, you've made plenty of mistakes. And if you've lived your life properly, so you learn. You put things in perspective. You pull your energies together. You change, you go forward."

Forward momentum was something Reagan desperately needed after months adrift in the Iran-contras scandal and the devastating report from the Tower commission depicting an inattentive President surrounded by reckless advisers. The President's response to the report, and his widely-applauded appointments of a new White House chief of staff and CIA director to go along with his new National Security Adviser, gave a boost to an Admin-

istration that had been foundering. Though it failed to address several of the more troubling aspects of Iranscam, the meticulously crafted twelve-minute speech showed that Reagan recognized the severity of the crisis and had determined to take steps to remedy the situation.

By summoning his tremendous skills as an orator, Reagan once again managed to swing events his way, however temporarily. The address won bipartisan plaudits on Capitol Hill and favorable cover-

the scandal and his passive work habits.

Reagan's address was not enough to convince his critics that he has learned the lessons of the past few months. "The President gave an excellent speech," said New Jersey Senator Bill Bradley, "but no mere speech can dispel the doubts raised by the Iran-contras affair. Only time will tell whether the President has asserted control over the foreign policy of our nation." Massachusetts Democratic Congressman Barney Frank was even blunter. "The Tower commission," said Frank,

"did not find Reagan a lousy orator; they found him a lousy President."

Reagan and his supporters, however, insist that last week marked a turnaround. "He's doing it," said Republican Senator Alan Simpson of Wyoming. "He's appointing good people. There will be more changes. I'm not going to speculate who, but others will go. The President went about as far last night as his persona would take him. He didn't apologize, but he admitted his mistakes. He said he had learned. He said he would change. That's quite a bit for a President."

A presidential comeback of any sort was long overdue. For three months Reagan had

refused to speak out on the crisis that swirled about him. Since the diversion of Iran arms profits to the Nicaraguan contras was disclosed last Thanksgiving week, the President had made only one major public appearance: his recycled State of the Union address in January. But the Tower commission's report, with its damning disclosures of ineptitude and malfeasance, seemed to serve as a catharsis for the White House. Finally, now that the Administration's sins had been exposed, the President was forced to act decisively, beginning with the ouster the following day of Chief of Staff Donald Regan and his replacement with Howard Baker, the capable and popular onetime Senate majority leader from Tennessee.

The President's speech was the launching pad for an energetic public relations offensive that Robert Dole, the Republican Senator from Kansas,



Facing the nation: repentant but proud, regretful yet determined

"You pull your energies together. You change. You go forward."

age in the press. Overnight polls showed the President's approval rating, which had sagged to a four-year low, rising by as much as 9 points. At the White House, the mood changed from tragic to triumphant. "There's a big difference over there," said Nancy Reynolds, a close friend of the Reagans. "You can hear it in people's voices. You can smell it in the air."

But like the false spring temperatures that warmed the nation's capital last week, the uptick in the President's fortunes could be merely transitory. Artful as it was, Reagan's speech did not resolve the most serious question raised by Iranscam: Is the President at 76 sufficiently alert and involved to lead the country? To regain political advantage for the final two years of his Administration, Reagan must still overcome formidable obstacles, particularly the ongoing investigations of



STARTING OVER: THE PRESIDENT FLANKED BY HOWARD BAKER AND FRANK CARLUCCI

Nation

dubbed Comeback Week, Reagan's first important move was to accept the withdrawal of Robert Gates' nomination to become director of Central Intelligence. As the CIA's deputy director and a close ally of his disabled former boss, William Casey, Gates had come under fire for his involvement in Irancon, and his chances for Senate confirmation were looking dim. In Gates' place Reagan nominated FBI Director William Webster, a former judge who is widely respected for his integrity. By selecting Webster, the President won the same bipartisan kudos he had received for the appointments of Baker and recently installed NSC Director Frank Carlucci. Significantly, none of the three is a red-white-and-blue Reaganite. All are notably cool, non-ideological pragmatists.

No one symbolized the Administration's renewed vitality as much as Baker. The personable Tennessean with the easygoing manner was received almost as a savior in the siege-ridden White House. Baker quickly installed his own team and tried to thaw the frosty relations between the Administration and his old colleagues on Capitol Hill. "We were lucky the change in personnel came almost simultaneously with the Tower report and the speech," said a Reagan aide. "It enabled us to appear to get a completely fresh start."

Appearances were foremost in the minds of Reagan's handlers last week. Baker set out to limit the damage of the Tower report's criticism of the President's detached "management style." In his first day on the job, the new chief of staff popped into the White House briefing room to announce that he had "never seen Ronald Reagan more energetic, more fully engaged and more in command of difficult circumstances and questions." The following day the President appeared in the briefing room for the first time since late November, although he

retreated quickly after reading a brief statement welcoming Soviet Leader Mikhail Gorbachev's latest proposals for reducing intermediate-range nuclear missiles in Europe.

After virtually banning questions by reporters at photo opportunities for more than two months, Reagan suddenly welcomed the White House press corps for two sessions a day. He held conferences with congressional leaders, with American arms-control negotiators. For the first time in his presidency, Reagan met with staffers of the National Security



William Webster: Mr. Integrity goes to Langley

Council on their turf in the Old Executive Office Building and lectured them on his directive prohibiting all covert NSC operations. On his way to the meeting, Reagan practically bounded up two flights of stairs, leaving Baker and another aide, Presidential Spokesman Marlin Fitzwater, panting behind him.

The President tried to shift attention to his political agenda. Speaking before the National Newspaper Association last week, Reagan said that the nation had spent enough time concerning itself with "who's up and who's down, who's in and out" (an inadvertent echo from *King Lear*) as a result of the scandal. "So far as I'm concerned," said the President, "the American people sent me here to do a job,

and there are just two years left to get it done." Among the President's top priorities for the remainder of his term: an arms treaty with the Soviets.

But the President and his advisers are well aware that the burst of public appearances can do only so much. "We can't manage by photograph," noted one aide. If the Tower commission report galvanized the President, aides say, it also made him conscious finally of how serious his difficulties are. Reagan sloggled through the report over the weekend following its release, and those who saw him

before and afterward sensed his dawning realization of the depth of his problem—as well as genuine surprise at much of what he read. When Reagan returned to the Oval Office Monday morning, he at last seemed to recognize what he was up against. That day he went to work on his response.

The basic draft was written by London Parvin, a White House speechwriter who has done more work for the First Lady than for the President. According to Fitzwater, Parvin received advice from "everybody and his brother": Howard Baker, Frank Carlucci, Treasury Secretary James Baker, Pollster Richard Wirthlin, Political Consultant Stuart Spencer, Nancy Reagan's former and current press secretaries Sheila Tate and Elaine Crispin, Fitzwater and his staff.

Parvin first met with the President the day after the Tower report was released. Reagan had read only about a third of the document, but he was able to give Parvin a sense of what he wanted to say. While he did not substantially alter the work the following week, the President added a few important flourishes. "It was a personal speech," said a White House source, "so it had to come from him."

Reagan had insisted on waiting for the release of the Tower report before facing the public on Irancon, and he used the document as a guide for his com-



Take-charge image: Reagan meeting with the staff of the National Security Council in the Old Executive Office Building

A sudden burst of photo opportunities for reporters, but as one aide said, "We can't manage by photograph."

ments. The President once again depicted himself as an innocent bystander in the Iran-*contra* affair, accepting responsibility for actions that took place "without my knowledge." Reagan said he "had to hunt pretty hard to find any good news in the board's report," but patted himself on the back by citing a sentence he was "relieved" to find in the 288-page document: "The President does indeed want the full story to be told."

Reagan accepted the commission's finding that his Iran initiative "deteriorated" into an arms-for-hostages trade. But he stubbornly clung to the notion that his dealings with the Iranians were intended as a diplomatic overture: "My heart and my best intentions still tell me that is true, but the facts and the evidence tell me it is not." Reagan attributed the deterioration of the initiative to his deep compassion. "I let my personal concern for the hostages spill over into the geopolitical strategy of reaching out to Iran," he explained. "I asked so many questions about the hostages' welfare that I didn't ask enough about the specifics of the Iran plan."

The President repeated the assertion he made to the Tower commission that "no one kept proper records of meetings or decisions," and without such records he could not remember whether he had approved the initial Israeli arms shipment to Iran before or after it occurred. Said Reagan: "I did approve it. I just can't say specifically when."

Since the Tower commission could not answer the question of what happened to the funds diverted to the *contras*, Reagan hardly discussed the matter, simply expressing confidence that the "truth will come out." He did not address a central finding of the report, that NSC officials secretly managed the *contra* war effort at a time when U.S. law prohibited U.S. military assistance to the rebels. As he has done previously, Reagan assured his audience that "I didn't know about any diversion of funds to the *contras*," adding, however, that "as President, I cannot escape responsibility."

Reagan defended the "management style" that the Tower board cited as a key reason for the White House crisis: saying it was a mode of leadership that served him well as California Governor and for most of his presidency. While he conceded that his style "didn't match its previous track record" in the Iran-*contra* affair, he made no serious promise to reform his ways.

The President did announce that he was going "beyond the board's recommendations" for restoring order to the NSC. The moves he enumerated, however, were window dressing. He said he had issued a directive prohibiting the NSC staff from undertaking operations, but Carlucci instituted such an order two weeks after he took over the NSC in January. Reagan told his audience he would put a legal adviser on the NSC staff "to assure a greater sensitivity to matters of law." The council already had such an adviser, most



That Was Then . . . This Is Now

PREVIOUS REMARKS

“We'll do everything necessary to get at the truth, and then we'll make the truth known.”

Point Mugu Naval Air Station, Calif., Nov. 30

“We did not trade weapons or anything else for hostages.”

Television speech, Nov. 13

“I do not believe it was wrong to establish contacts with a country of strategic importance or to try to save lives.”

State of the Union address, Jan. 27

“I think we took the only action we could have in Iran. I am not going to disavow it. I do not think it was a mistake.”

Time interview, Nov. 26

“Surround yourself with the best people you can find, delegate authority, and don't interfere as long as the policy you've decided upon is being carried out.”

FORTUNE interview, Sept. 15

“Lieut. Colonel North . . . is a national hero. My only criticism is that I wasn't told everything.”

Time interview, Nov. 26

“I had no knowledge whatsoever of [the *contra* diversion] until Ed Meese briefed me on it.”

White House statement, Dec. 1

FROM HIS SPEECH

“I've paid a price for my silence in terms of your trust and confidence. But I have had to wait, as you have, for the complete story.”

“A few months ago, I told the American people I did not trade arms for hostages. My heart and my best intentions still tell me that is true, but the facts and evidence tell me it is not. What began as a strategic opening to Iran deteriorated . . . into trading arms for hostages.”

“I let my personal concern for the hostages spill over into the geopolitical strategy of reaching out to Iran.”

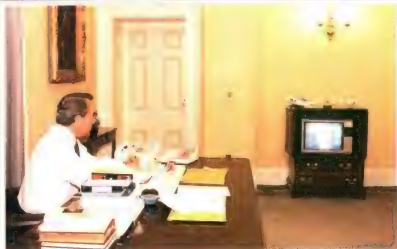
“[Trading arms for hostages] runs counter to my own beliefs, to Administration policy and to the original strategy we had in mind . . . It was a mistake.”

“Much has been said about my management style . . . When it came to managing the NSC staff, let's face it, my style didn't match its previous track record.”

“As disappointed as I may be in some who served me, I am still the only one who must answer to the American people for this behavior.”

“As I told the Tower board, I didn't know about any diversion of funds to the *contras*. But as President, I cannot escape responsibility.”

Nation



Dole views the address: shifts in the power dynamic between Congress and President

recently Paul Thompson, who served under former National Security Advisers Robert McFarlane and John Poindexter and is still with the NSC.

The President ordered an NSC review of all U.S. covert activities, directing that future covert operations must be "in support of clear policy objectives and in compliance with American values." Such a review would hardly be more effective than the congressional oversight required by law, which Reagan ignored when he approved the arms sales to Iran.

Although the President was more forthright than ever before in accepting blame for the Iran fiasco, he made no attempt to assign responsibility for specific actions. In his State of the Union address he assumed the passive voice, saying "serious mistakes were made." Reagan was nearly as vague last week when he said, "It was a mistake."

More significantly, the President did not question the wisdom or morality of using weapons sales to try to buy influence in a hostile nation like Iran. It was a question that prominent figures of both parties wanted him to raise. Said former Nevada Republican Senator Paul Laxalt, one of Reagan's closest advisers: "I'd particularly like to have him, in retrospect, look back and say, 'This was a flawed policy.'" Democratic House Speaker Jim Wright declared it was a "wrong policy to send arms to the terrorist government of Iran, whether or not they were offered in exchange for hostages." But the President would not concede error on that score.

If the President minced some of his words, he nevertheless went further in coming to terms with the scandal than he had on any previous occasion. But his mea culpa was not nearly as straightforward or as timely as the one delivered by Jimmy Carter immediately following the disastrous failure of the 1980 Desert One mission to rescue U.S. hostages in Iran.

Carter faced the issue squarely: "It was my decision to attempt the rescue operation. It was my decision to cancel it when problems developed. The responsibility is fully my own." Reagan put a more positive spin on his confession by offering a bit of homespun wisdom worthy of Will Rogers: "Now what should happen when you make a mistake is this," he said. "You take your knocks, you learn your lessons, and then you move on. That's the healthiest way to deal with a problem."

While the President showed that he can still do wonders with a carefully wrought address, the aftershocks from the Tower report are likely to continue. He might be forced to confront two remaining aides who have been criticized for their behavior in the Iran initiative. Secretary of State George Shultz and Defense Secretary Caspar Weinberger objected last week to the Tower report's critique of their performance in Iran. According to the document, the two offi-

cials "simply distanced themselves from the program. They protected the record as to their own positions on this issue. They were not energetic in attempting to protect the President from the consequences of his personal commitment to freeing the hostages."

Traveling in the Orient, Shultz told reporters, "I do not agree that my actions were designed somehow or other to make a record to protect myself. I do not operate that way." In Boston, Weinberger complained that the "commission statements just don't have any evidence or any support behind them at all." He added pointedly, "It's a little odd to be criticized for being opposed to a program that the Tower commission also opposed."

The White House had a cool reaction to the Secretaries' carping. "The President accepts the report," said Fitzwater curtly. "Mr. Shultz and Mr. Weinberger can speak for themselves." Speculation around Washington last week that Shultz's days are numbered was undercut by the President when the White House announced that the Secretary of State would visit Moscow next month for renewed discussions with the Soviets. A highly regarded diplomat whose departure would be unsettling to U.S. allies, Shultz has enraged Reagan loyalists by his criticisms of the Iran initiative. Nevertheless, he flatly stated last week: "I have no plans to leave. So wipe that off your slate."

If the President is to get beyond the Iran scandal, he will have to concentrate on the second half of the remedy suggested to him last fall by Richard Nixon: fire two or three more people involved, and then change the subject. As televised congressional hearings on Iran begin next month and Special Prosecutor Lawrence Walsh prepares possible indictments against former White House officials, the Administration could be hard pressed to find a subject that will compete for the



Senate Majority Leader Byrd tunes in: "One speech is not enough to rebuild trust" Democrats tentatively hailed Reagan's message but criticized the messenger.

public's attention. An arms treaty with the Soviet Union, signed at a summit conference in the U.S. with Gorbachev, undoubtedly represents Reagan's best opportunity to surmount his difficulties and crown his tenure in the White House.

On Capitol Hill, there is a sense of anticipation as lawmakers from both parties wait to see how the power dynamic will change in the coming legislative battles. Since the start of the 100th Congress in January, the Democrats have snatched the political agenda from the Republicans. In addition to forming two special committees to investigate Iran-Contra, the resurgent Democrats have been challenging Reagan on Central American policy, arms control, taxes, trade issues, the clean-water bill, aid for the homeless. As the White House hunkered down, G.O.P. congressional unity started crumbling. "The effect was devastating," said Representative Lynn Martin of Illinois, vice chairman of the House Republican conference. "We were sort of helpless. A Carter malaise had struck Republicans."

But there was a palpable excitement among congressional Republicans the morning after the address. South Dakota Senator Larry Pressler used a hockey metaphor to express his glee. "The Gipper has had some time in the penalty box," said he. "But now he's back on the ice. The speech revived, rekindled, renewed, renovated and recharged the Reagan presidency."

Some prominent Republicans were more cautious in their praise. Conservative Georgia Congressman Newt Gingrich, who declared after the release of the Tower report that the President "will never again be the Reagan he was before he blew it," was generally pleased with the address, but he warned, "It's going to take five or six months of steady, systematic work to restore his presidency." Democrats, wanting to keep pressure on Reagan, tentatively hailed his message but criticized the messenger. Said Senate Majority Leader Robert Byrd: "The President has to become involved. He is going to have to change his work style. One speech is not enough to rebuild trust."

The Democrats say they plan to hold the President "to higher standards." Explains one party strategist: "The measure we're going to set is, Will he work with Congress on the budget, on arms control and on trade? If he does, then the problems get solved." Looking ahead to the '88 elections, this Democrat adds, "If he doesn't, then we win next time around."

The situation may not be quite so cut and dried. On issues ranging from deficit reduction to foreign policy, the Democrats need Reagan's support if they are to attain their legislative goals. On most key matters, the party simply does not have the votes to override a presidential veto. The Democrats will have to be particularly careful on tax issues. Last week Speaker Wright called for a tax hike of as much as \$20 billion a year to help reduce

the Administration's somewhat optimistic \$108 billion projection for next year's deficit. Wright's proposals were met with a slight shudder by Illinois Congressman Dan Rostenkowski, chairman of the Ways and Means Committee. "I don't think there's any member of my committee who wouldn't support revenues geared to deficit reduction," said Rostenkowski. "But they don't want to give the President the chance to kick them around and then not accomplish the goal."

From the Administration's viewpoint, some solid legislative victories could help immensely in getting Reagan back on track. The need to stroke Congress was a principal reason why Baker, a beloved figure on Capitol Hill, was chosen to replace Donald Regan, who never bothered to foster friendly ties with the lawmakers. "It's dramatic because Reagan's weakest suit is Baker's strongest," said a presidential aide. "Congress holds

bition of abortion. While that may be an agenda that does not smack of compromise, it is also one that does not hold much promise of achievement."

The President's first confrontation with the new Congress could come immediately. Last week Reagan made a formal request to the lawmakers to release the last installment of \$100 million in aid that was granted to the Nicaraguan *contras* in 1986. To win the release of the \$40 million, the Administration had to certify that peaceful efforts to reform Nicaragua's Marxist Sandinista regime have been futile. Congressional Democrats hope to counter Reagan's move by imposing a moratorium on any further *contra* aid until the Administration accounts for money that has already been sent to the rebels, including the funds diverted from the Iranian arms sales and contributions solicited from private sources. Reagan is in for an even more ferocious struggle



the key to all the flash points. They're such important critics, sources for so many stories. If they can be defused, half the battle is over."

Yet Reagan and Baker could be vulnerable to an attack from G.O.P. conservatives if they get too cozy with the Democrats. New York Republican Jack Kemp, who hopes to carry the conservative banner to the G.O.P. presidential nomination next year, is already sounding warnings about the conciliatory tone at the White House. "We can call summits with the Soviets and the Democrats, or we can move out with the Reagan agenda," says Kemp. "If the White House sits down to write a trade bill or a budget in a summit with Bob Byrd or Jim Wright, it's over." When the President met last week with a delegation of conservative Senators, he listed as his legislative priorities the deployment of Star Wars, a balanced-budget amendment and prohibition

over *contra* aid next fall, when he makes his official request for an additional \$105 million in assistance for the rebels.

Ronald Reagan is not necessarily doomed to repeat the dispiriting pattern of failure that has haunted too many recent Presidents. If the Iran-*contra* scandal has left many Americans uneasy about Reagan's grip on his job, last week's performance demonstrated that the still popular President retains at least some of his powers. But if he is to recoup, he will have to resist his tendency to rely on theatrics rather than hard work. As the President and the First Lady departed for Camp David last week, Reagan cheerfully bantered with a group of young supporters. Talking about his agenda for the next two years, he recalled an old show business adage: "Save something for the third act."

—By Jacob V. Lamar Jr.

Reported by David Beckwith, Michael Duffy and Barrett Seaman/Washington

Baker Breaks the Fever

A casual country boy is off to a fast start as chief of staff



Wearing a grin almost as wide as the Tennessee River, a relaxed Howard Baker stilled through his first full week as President Reagan's chief of staff, leaving warm feelings in his wake. "Are you having more fun than if you were running for President?" he was asked. "Anything's more fun than running for President," replied the man who passed up one more try at the top job to settle for what many consider the second most powerful post in Washington. The former Senate majority leader's calm, quip-filled manner contrasted sharply with that of Don Regan, his tightly wound, autocratic predecessor. Said Senior White House Aide Mitch Daniels: "Spring came early this year."

Baker followed Regan's practice of starting each day with an 8 a.m. staff meeting. On Monday, while assuring Regan's former aides that there would be no wholesale firings, Baker announced that two of his longtime lieutenants, James Cannon and Tom Griscom, would play key

roles. Baker selected A.B. Culvahouse, his former legislative counsel, to replace Peter Wallison as White House counsel. Baker swiftly disposed of one inherited personnel problem. He dismissed John O. Koehler, who had replaced Communications Director Pat Buchanan last month. Koehler's membership in a Nazi youth organization at the age of ten had embarrassed the Administration, but what sealed his fate was his arrogance.



Passport restamped: visiting House Speaker Jim Wright

illustrated by a refusal to move out of Buchanan's office to make way for Cannon. "He was not a team player," said a Baker aide.

At the first meeting Baker invited James Miller, director of the Office of Management and Budget, to explain next year's budget "if you have the courage." Miller found it, even quoting an abusive letter from a taxpayer about the Administration's failure to balance the budget. "Did I sign that one, Jim?" asked Baker, drawing nervous laughter.

Baker walked into the pressroom on Monday afternoon, announcing, "I intend to do this often." That was welcome news to reporters, who had found Regan reclusive during his final months. Baker deftly handled sticky questions about remarks he made to a Miami Herald editor on a Miami-to-Washington flight two weeks ago. Baker, whose comments were printed in last Sunday's Herald, told the editor that the President's memory had a short "half-life." Explained Baker last week: "As majority leader, I found that the President was as good as anybody in the give-and-take on complex issues, but that when you approached him about it two weeks or two months later, you found that the half-life of that memory was short. But so is mine. And so is yours, I suspect."

The Week of the Dragon

The Dragon Lady in the now defunct comic strip *Terry and the Pirates* was voluptuous and deadly. Neither of those adjectives applies to Nancy Reagan. But after she was widely credited with organizing a coup by telephone against former White House Chief of Staff Donald Regan, the First Lady was depicted last week as a power-hungry manipulator more devious than any cartoon creature.

The most vitriolic attack came from New York Times Columnist William Safire. He wrote of Mrs. Reagan's "extraordinary vindictiveness" in dumping Regan and called her an "incipient Edith Wilson," referring to Mrs. Woodrow Wilson's control of the White House after her husband was incapacitated by a stroke in 1919. Nancy Reagan, rapped Safire, is "unelected and unaccountable, presuming to control the actions and appointments of the Executive Branch."

The furor grew after the Miami Herald quoted a remark by new Chief of Staff Howard Baker that when Mrs. Reagan "gets her hackles up, she can be a dragon." A front-page story in the New York Times announced that the First Lady intended to increase her involvement in White House affairs, including the effort to reach an arms-control agreement with the Soviets.

The First Lady added to the hubbub with a doozy of a double entendre that may have been an innocent reference to her childhood but was

interpreted as a parting shot at Regan. Appearing at a convention in Washington of the American Camping Association, she told the audience of her girlhood camping experiences: "I don't think most people associate me with leeches or how to get them off. But I know how to get them off. I'm an expert at it."

The speculation about his wife's overreaching made the President angrier than any other aspect of the controversy over the Tower report. Regan was so irked at the Dragon



Anniversary embrace

Lady image that he broke his rule of silence during a photo session to denounce the Nancy stories as "despicable fiction" by people who "should be ashamed of themselves." Friends rushed to the First Lady's defense. "Rubbish," said Columnist George Will of the flood of press accounts. The First Lady shrugged off the accusations as "ridiculous." Indeed, while she is by no means bashful about offering advice to her husband, the evidence indicates that she is not quite so all-powerful as the Regan affair suggested. The President resisted sacking his chief of staff until the end of February despite Regan's all too public feud with Nancy. Her influence, though, is unquestionably special. Last Wednesday, which happened to be the Reagans' 35th wedding anniversary, the President said, as he often does when people ask him his age, "My life began 35 years ago." And only Nancy could promise former Soviet Foreign Minister Andrei Gromyko, as she once did, that she would whisper "peace" in Ronald Reagan's ear each night.

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Nation

As to his statement that Nancy Reagan "can be a dragon" when "she gets her hackles up," Baker shrugged this off, saying, "She's a great lady. And she obviously is a lady of strong convictions." He later explained his remarks to Nancy, heading off any potential tension. Maureen Reagan sent Baker a bouquet of flowers with a card saying "Welcome." The flowers: yellow-green snapdragons.

On Wednesday the three-term former Senator from Tennessee visited Capitol Hill to "get my passport restamped," as he put it, but actually to dramatize the Administration's desire to rebuild its relations with Congress. Republican Leader Bob Dole welcomed Baker to his office, which had been named "The Howard H. Baker Jr. Rooms" after he left the chamber in 1984. Dole had Baker's portrait placed where cameras could catch it and jokingly beamed a baby spotlight at it. He also offered Baker a key to his old office. No thanks, joked the new chief of staff. "I kept my key."

After Baker paid his respects to the leaders of both parties in Congress, Congressman Lynn Martin, vice chairman of the House Republican Conference, declared, "The fever's broken." Even conservative Congressman Jack Kemp observed that Baker had "brought a sense of calm to this place." Aware that right-wingers see him as a moderate too willing to compromise, Baker conceded that he expected "a lot" of pressure from them and added, "It's important that I have an active outreach to them." When Idaho Senator James McClure complained to Baker that the Senate Steering Committee had not met with Reagan for months, the new chief of staff startled the conservative legislator by setting up a meeting with the President for the next morning.

Baker also pleased his new colleagues by arranging a meeting between the President and 60 senior members of the White House staff. Reagan introduced Baker, a talented amateur photographer, with the quip, "He originally applied for the job of White House photographer, but we turned him down." Said Baker later: "These people deserve reassurance that they're doing a good job, and now they've got it."

The only soft spot in Baker's first week was one that also plagued his aborted presidential campaigns: he ran continuously behind schedule. "My agenda is a shambles," he conceded. "I spend most of my time padding back and forth between this office and the Oval Office." Baker was not complaining. "That's the way it's supposed to be," he said. To help organize his staff, Baker will bring former Transportation Secretary Drew Lewis aboard for two months. Though it was obvious that the onetime country lawyer was off to a fast start in rebuilding a damaged presidency, Baker did have one regret: he scheduled a haircut on Monday and never did get to the barber.

—By Ed Magnusson

Reported by David Beckwith/Washington



Walsh: taking an "insurance policy"

Still Probing For Answers

Investigators forge ahead



If any single issue in the Iran-scram mess could still cause irreparable harm to the Reagan presidency, it is the purportedly illegal diversion of funds from Iranian arms sales to the Nicaraguan *contra* rebels.

Ronald Reagan has denied any knowledge of the labyrinthine transfer, via Swiss bank accounts, of at least \$23 million to the *contras*. The President repeated his denial during last week's televised speech, and the Tower commission discovered nothing that directly contradicted his assertion.

Nonetheless, much about the *contra* fund diversion remains unknown. Who ordered the diversion, and where did the money go? Answering those questions will be one of the main objectives of the Iran-scram independent counsel, Lawrence Walsh, and the Senate and House committees that are also probing the scandal.

Last week all those investigations were plowing ahead, albeit in a jangling fashion. The two congressional committees appeared headed for a sharp conflict in tactics. Senate probes were leaning toward granting limited immunity from prosecution to departed National Security Adviser John Poindexter in exchange for his testimony. This would put the com-

mittee on a collision course with both its House counterpart and with Walsh. Said one House committee source: "Immunity could be premature."

The congressional investigators were closer together on another potential dispute. The House committee and the Senate panel announced that they will hold their public hearings on Iran-scram jointly, a move that the legislators had earlier rejected. The dates for these hearings have been pushed back twice. Slated to begin early this month, they are now scheduled for late April.

In line with the Administration's stated eagerness to cooperate in full disclosure of the Iran-scram mess, Attorney General Edwin Meese publicly came to the aid of the Walsh probe on the ticklish issue of its legal validity. The Walsh investigation was challenged two weeks ago in U.S. district court by attorneys for fired National Security Council Aide Oliver North. They asserted that the broad mandate given to the court-appointed special prosecutor under the 1978 Ethics in Government Act is a violation of the constitutional separation of powers.

Meese announced that in addition to his court-appointed role, Walsh henceforth would head a new Office of Independent Counsel in the Justice Department. The move gives Walsh standing within the Executive Branch and thus, said Meese, provides an "insurance policy" that will allow Walsh's investigation to continue even if the North court challenge is successful. But North's attorneys tried to trump this play by filing a new suit challenging Meese's authority to give Walsh the Justice Department post.

What do the *contras* say about who supplied them with funds during 1984 and '85, when Congress officially had cut off their U.S. backing? Following a two-day session with a grand jury in Washington, *Contra* Leader Adolfo Calero declared that retired Generals Richard Secord and John Singlaub had helped the Nicaraguan rebels to "engineer" arms deals worth millions of dollars. Calero also declared that his own *contra* group, the Nicaraguan Democratic Force, had received \$32 million from non-American private donors. (Actually, most of that money is known to have come from Saudi Arabia's King Fahd.)

Another probable source of *contra* money was cited by the Washington Post, which reported that it had obtained documents showing that more than \$1.7 million from a foundation set up by Carl Channell, a conservative fund raiser, was sent indirectly to a Swiss bank account known as Lake Resources. North had used the same account to receive some of the proceeds from the Iran arms sales and reportedly to help fund the *contras*. Still, Calero insisted, his organization never got any money from Iranian arms deals. Said he: "I wish we had. We're \$2 million in debt."

—By George Russell, Reported by David Beckwith and Hays Gorey/Washington

G-Man Among the Spooks

Webster is likely to run the CIA as he did the FBI—by the book



William Webster first heard the term "plausible deniability" a few months after he took command of the Federal Bureau of Investigation. That was the last time. "I have a responsibility to know about these sensitive operations and to be accountable," he said, banning the phrase. "I wasn't sent here *not* to know what was going on."

If, as seems likely, the Senate confirms Webster to head the Central Intelligence Agency, he will be entering territory where plausible deniability still exists. If Webster has his way, however, he will ban the policy again. A man of unassailable integrity with a spongelike mind for detail, Webster, 63, is likely to run the CIA as he did the FBI—by the book and in close consultation with Congress. Says Senate Majority Leader Robert Byrd: "Webster is a highly regarded professional who will bring much needed credibility to the CIA."

A St. Louis lawyer and lifelong Republican who was appointed to the federal bench in Missouri by President Nixon in 1971, Webster became head of the FBI in 1978. He took an agency demoralized by the paranoid political spying that marked J. Edgar Hoover's last years and aimed it at truly criminal activities. He shifted agents away from the statistic-making bank-robbery and stolen-car cases that Hoover favored, and authorized long-term undercover operations against organized crime, something Hoover refused to do. With that insider information and thousands of legal wiretaps, the FBI has locked up hundreds of top Mafia figures across the country. Webster's men also branched out to pursue drug traffickers, white collar criminals, corrupt officials and spies.

Even so, Webster did not escape controversy. In the late 1970s the FBI conducted its Abscam investigation, videotaping Capitol Hill lawmakers as they accepted bribes from agents posing as representatives of an Arab sheik. Though the inquiry led to the convictions of one Senator and six Representatives, critics charged that the FBI's tactics amounted to entrapment. Webster also oversaw the arrests of eleven agents, most notably Richard Miller, who was convicted of espionage last June. The Judge, as he likes to be called, preferred that route to Hoover's practice of summarily firing the offender and burying the evidence. "He takes deep

pride that we handle our own problems," said Roger Young, a former assistant director. "He is glad that this was something we ourselves discovered and have taken steps to correct."

But can a man who has lived in the black-and-white world of law enforcement navigate in a universe that is all shades of gray? Commanding a corps of clannish, spit-and-polish G-men is slim preparation for managing the articulate intellectuals, technocrats and covert operatives who make up the CIA. Webster impressed agency officials when he successfully ousted Soviet KGB officers from the U.N. last fall, but some analysts are distressed by his inexperience in foreign affairs. "Webster's a nice guy," says one

in recent years agents have successfully infiltrated several terrorist groups. He does not reject outright the notion of capturing wanted criminals and terrorists overseas and bringing them to the U.S. to stand trial.

Despite this, Webster often admonished his FBI colleagues that the end does not justify the means. Fretting over a request to bug the chambers of a Chicago judge, he told an associate. "We have to take a strategic look. Even if we win, do we lose? Are they going to say we will be in the confessional next?" He ultimately approved the bugging, but insisted the conversations could be recorded only when agents watching the judge's chambers had good reason to suspect that the visitor would offer a bribe. The case, known as Operation Greylord, resulted in the conviction of seven judges and 17 other public officials.

Webster's passion for the law will shape his first days at CIA headquarters in Langley, Va. Former CIA Director William Casey moved the CIA's office of legal counsel to a Virginia office building miles from Langley, demoralizing agency lawyers and symbolizing his indifference to their work. At FBI headquarters Webster keeps his legal specialists a few steps away and is sure to continue that practice when he moves across the river. "Adherence to the rule of law, both nationally and internationally, is a very important principle," he said last week.

As Webster prepares for his Senate hearings, he is likely to have little time for his fiercely competitive tennis games or his weekends on the farm in rural Missouri. A widower with three grown children, Webster seldom drinks anything stronger than soda pop and is a devout Christian Scientist. A history and poetry buff, he is fond of quoting Lincoln and John Kennedy, a choice that displays admirable bipartisanship, if nothing else.

Even those who favored Deputy Director Robert Gates to succeed the ailing William Casey seem reconciled to Webster. "Anything is better than the current lack of direction," says a CIA official. Those who know the Judge well insist that he is the best man for the job, but for reasons that may not go down well with those agency types who are used to skirting the law to get things done. "They're bound to feel a little besieged at the CIA right now," said former Attorney General Griffin Bell, who recruited Webster for the FBI post. "The FBI felt that way in 1978, and they started taking pride in the bureau again. I think the same thing will start happening at the CIA, but they're going to have to obey the law. He's just what they need."

—By Elaine Shannon/Washington



The nominee at a charity tournament with Actress Eva Gabor

Can a man from a black-and-white world thrive amid grays?

critic. "But it remains to be seen whether he has the breadth and depth for the job."

Behind the patrician style is a demanding boss. "He holds everybody accountable, and you damn sure better have the right answers," says former Aide David Divan. Webster, who insists on making every important decision and many minor ones himself, is notoriously slow to make up his mind. Yet he has proved receptive to creative, and politically risky, ideas. He introduced an effective counterterrorism program at the FBI;

The Bottom Line on Reagan



There is a tendency in the fervid national catharsis over the Iran arms scandal to treat the past six years of Ronald Reagan's presidency as a kind of hallucination.

In the white-hot center of the controversy, it is as if inflation had not been bested, the interest-rate genie not stuffed back into the bottle. The exuberant entrepreneurship that created 630,000 new businesses and 11 million new jobs is forgotten, as if the thought had never darkened the detached cerebrum of the Hollywood has-been. The truth is that Reagan's unabashed enthusiasm for competition, risk and profit has given the managers of U.S. capitalism enough new spirit to carry the message right through to the next President, be he Democrat or Republican. Prosperity has been no mere conjurer's trick; it was paid for with a painful recession that was the first valley of the Reagan presidency. Since then, a few rascals like Ivan Boesky have let greed run wild, but most business people got down to work and reaffirmed that the honorable creation of wealth is at the heart of a healthy democracy. The scent of the buck is kindling creativity again even in the depressed farm belt and idled steel valleys. And Reagan's sermon that trade must be free the world over will continue to resonate even as new pressures build for protection.

While the White House has been in and out of more political battles than one can count in the past half a dozen years, the armies of the industrialized world have been mercifully underemployed. There have been no superpower standoffs, no new Viet Nams in Central America, no Cuban missile crises or Afghanistan invasions, no oil embargoes. There have been failures like Lebanon and frustrations like Nicaragua. Yet a significant number of experts believe that even if Reagan does not manage to negotiate a reduction in nuclear weapons, the grim specter of World War III, an image relished by demagogues on both right and left, has actually receded a bit. No small part of that legacy is Reagan's insistence on building a better fighting machine and his courage to use it when American interests are threatened. The young Americans who bombed Libya, who apprehended the *Achille Lauro* hijackers, feel better about themselves and their capabilities, and for that reason the world has more respect for U.S. power. That change will not go out of office with Reagan.

At the time of the Iran fiasco, the free world was making gains in the war against terrorism. That war was declared globally and carried to the enemy almost exclusively by Reagan. The President struck back against fanatics who murdered the innocent. He pressured other hearties to pursue suspected terrorists. Whether or not his heartfelt if foolish effort to trade arms for hostages, and with Iran, of all nations, will now encourage even more terrorism remains to be seen, but the betting is that the global village has come to understand that no society that seeks respect can support

or tolerate the savagery of the Rome airport massacre.

The President has not managed to reduce the size of the Federal Government, a Reagan pet peeve. But it is now a political staple of both parties that the Washington monster is too bloated, too wasteful and too intrusive, and needs to be tamed. While the Democrats who currently control the Congress are preparing for spring battles on spending, there is no pell-mell rush to enlarge federal programs. Instead, they are considering the limits of Government: in the midst of the Iran crisis, hearings were held on how to reform a welfare system that has damaged families and undermined self-sufficiency.

To many analysts, the way Reagan wrought these changes in attitude and policy is almost more of an irritant than his ideology. The President carried half a dozen notions along in his heart and poured them out at every stop, disdaining the details and rituals of Government, stumbling time and time again to the precipice of disaster only to be rescued at the last minute by some alert aide or his own eleventh-hour arousal.

In his first six years there was sleaze among his aides and a frightening failure to curtail the deficits. In the long run the huge debt he leaves behind may be a far worse legacy than Transcam.

But what always saved Reagan until now was the bottom line for so many American households. In that very real world, so far from Washington's theories and controversies, the family income went up, the pension fund grew, taxes became fairer, the 18-year-old son did not face a war draft, the community

answered the call against drugs, the schools got the message about improving performance. Those families, so besieged in the tumultuous decades of self-gratification, began to take pride in their values and reaffirm repressed impulses like patriotism.

Reagan, in the end, has not been even the principal strategist of his own era. Others formed the ideas, and he gave them voice. Reagan looked presidential, he acted presidential, he honored America's heritage. He understood above all else that there was romance and adventure in American politics, that the presidency had been transformed from a bully pulpit on Pennsylvania Avenue to a stage the size of the world that needed a real-life drama. He relished the part. He assailed the worship of despair, swept past the doubters and ignored his mistakes in his own giddy pitch to America. For longer than many people thought possible, he inspired and instructed his countrymen to do a lot of things they never dreamed they could or would do.

That was not quite enough: the unrelenting realities of leadership have caught up with him. For all his shortcomings, Ronald Reagan's singular script may shape the presidency dramatically in the years ahead. The evidence still indicates that the nation wants a superstar in the White House—although now they would also like him to check the back room and see what is afoot.



Best of times: Reagan at a whistle stop in Ohio during the 1984 campaign

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Everybody's Doing It

Selling arms to Iran, that is, notably the Europeans



The Reagan Administration is not the only government struggling to cope with the problem of clandestine and illegal weapons sales to Iran. From Portugal, France and Sweden have come revelations that several Western countries are heavily embroiled in a variety of such illicit dealings. In almost every case, the motivations behind the traffic have been commercial rather than political, and its discovery abroad has led to considerably less domestic tumult than in Washington. Quipped one U.S. official: "The real question is, Who isn't selling arms to Iran?"

The most comic episode of European arms smuggling to surface involves a 4,300-ton West German freighter that has been sailing back and forth off the coast of Portugal for nearly a month. *Greil*, owned by a Hamburg shipper, was carrying \$6.8 million worth of Portuguese-made munitions, including some 67,000 120-mm mortar shells that were originally bound from the port of Setubal to the Iranian port of Bandar Abbas. The shipment in a West German flag carrier was illegal under a Bonn law that forbids the transport of armaments to "areas of tension." The delivery was contracted for by the Danish shipping firm of Finn J. Poulsen, which has an indirect connection with Transcam. Last April the company sold a 163-ft. ship to shadowy private partners of Oliver North, who paid with funds from North's Geneva bank account. That ship was used to deliver arms to the Nicaraguan contras.

West Germany was alerted on Feb. 9 to *Greil's* illicit actions by members of the national seamen's union. The Bonn government immediately demanded that the ship put in at the nearest port of the twelve-member European Community. Not eager to have its cargo confiscated, *Greil* headed back to off-load in Setubal.

The Portuguese government had other ideas. Anxious to prop up its shaky domestic arms industry, Portugal has lifted all strictures against arms sales to Iran or its enemy Iraq. Insisting that *Greil's* shipment was legal and should be delivered to Iran, the Lisbon government refused to let *Greil's* crew dump its high-explosive cargo back on Portuguese docks. Ever since, the ship and its hapless crew have been

condemned to their Iberian shuttle, at a cost of roughly \$10,000 a day, while the West German shipper, the Danish charterer and the governments involved try to untangle the mess.

The Portuguese arms shipment might never have come to light had the weapons been transported as originally planned aboard *Adonis*, a freighter of Panamanian registry. Panama, like Portugal, has no strictures on arms sales or shipments to Iran. But *Adonis* was already on its way to

legal in September 1986. Lisbon claims the Spaniards must have known what was going on, as many of the munitions shipped falsely to Portugal could not have been used in Portuguese weapons. Portugal has made a protest to Madrid. In addition, the respected Madrid daily *El Pais* has charged the Spanish government with selling \$280 million of ammunition and military equipment to Iran since 1983, often using phony papers that listed Libya and Syria as buyers. The government denies the charges.

Another embarrassing case involves neutral Sweden, which forbids the sale of its arms to countries at war. The Swedish arms firm Bofors was reported last year by local newspapers to have sold several hundred Robot 70 portable ground-to-air missiles to Iran between 1983 and 1985. Last month the Belgian daily *Le Soir* reported that Swedish customs officials had sent a bulky dossier to their counterparts in Brussels. The file contained details of the shipment of Swedish war materiel destined for Iran through the Belgian port of Zeebrugge. Last week Martin Ardbo, the managing director of Bofors weapons division, abruptly resigned. This week the Swedes are expected to publish the results of a customs investigation that, it is believed, will show that an intricate network of European smugglers has used almost all the North European countries as transit points for weapons trade with Iran.

Charges of clandestine arms sales to Iran have also touched a sore nerve in France, but for a different reason: the French are among the principal arms suppliers for Iraq, and as a by-product of that political tilt, the government has embargoed shipments to Iraq's neighboring enemy. France's largest munitions producer, Lucaire, allegedly secretly sold 450,000 artillery shells to Iran between 1983 and 1985. The deliveries were concealed behind manifest

that named Brazil, Thailand and Portugal as destinations. The French government filed fraud charges against Lucaire more than a year ago, but since then little action has been taken.

What do all the cases prove? Perhaps that cynicism and greed frequently count for more than policy and principle in the murky world of arms trading. Only in the U.S., though, was a national government directly involved in sensitive weapons sales in the face of its own repeated declarations against trading with terrorists.

—By George Russell
Reported by Martha de la Cal/Lisbon and William Dowell/Paris



A weapons show in a Paris suburb: Who isn't supplying the Ayatollah?
Cynicism and greed may count for more than policy and principle.

Iran, reportedly laden with a 1,200-ton shipment of war materiel from Spain that was originally, and fraudulently, listed for a final destination in Portugal. Tipped off about the subterfuge, Lisbon did not permit *Adonis* to dock, and on Jan. 14 the ship canceled its request. Thus, when it came time to ship the country's own armaments to Iran, a vessel had to be chartered. Enter the ill-fated *Greil*.

Portuguese newspapers have since claimed that Spain's Socialist government has countenanced the delivery of 175,000 tons of war materiel to Iran. The cargo was sent by Spain through Portugal after Madrid made direct shipments to Iran il-

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Nation

Payoff, Hike!

A fumble for Clements

Shortly before Bill Clements took office as Governor of Texas in January, he named a Dallas clergyman as his staff adviser on matters of morality. The appointment was unusual but not all that surprising: Clements has talked a lot about morality.

A wealthy Republican businessman who served as Governor from 1979 to 1983, Clements regained the office last November from Democrat Mark White, partly by accusing him of duplicity. As chairman of the board of governors of Southern Methodist University, a post he gave up when he took office in Austin, Clements assailed the S.M.U. system for permitting wealthy boosters to pay football players to perform for the Dallas school. Such practices brought the school seven citations from the National Collegiate Athletic Association for violating its rules.

"The whole system" of shady recruiting "is wrong," Clements declared in October 1985, two months after S.M.U. was placed on probation by the N.C.A.A. for the sixth time. When yet another scandal was unfolding at the school in November, Clements growled, "I'm tired of all this Mickey Mouse business going on in our athletic department." Two weeks ago, when S.M.U. was completely banned from football this year and limited to just seven road games next year, Clements was asked whether, while serving on the university's board, he had ever approved payoffs to athletes. His reply: "Hell, no. Absolutely not."

His response should have been "Well, yes." At the end of a routine press conference last week, Clements admitted that he and other unnamed S.M.U. governors had actually decided to let payments to some players continue despite the N.C.A.A. punishments. His self-contradictory explanation: "We—with a capital we—we made a considered-judgment decision over several months that the commit-



The Governor campaigning at S.M.U. last year

ments had been made and in the interest of the institution, the boys, their families and to comply with the N.C.A.A., that the program would be phased out and that we would comply in a full sense of integrity to all the rules and regulations."

Even in a football-crazy state, where a beefy nose guard can develop as big a following as any politician, Clements' confession proved startling. After a meeting of 17 S.M.U. governors, the new chairman reported that none had admitted knowing of any agreement merely to "phase out" the cash instead of cutting it off. The board voted that any member who had such knowledge must resign.

Students paraded into a meeting of the faculty senate chanting, "No more lying, no more cheating." The faculty called for a probe of the board of governors by the university's 71-member board of trustees, which has ultimate control over campus affairs. The accreditation board of the United Methodist Church, which owns S.M.U., began a study of whether to sever the church's ties with the school, which date back to its founding in 1911.

Finally, a former member of the S.M.U. board stepped forward to confirm that in 1985 Clements had said "it would take some unwinding" before the cheating could be stopped. Apparently a small group of the governors had agreed informally, without a full meeting or written record, that those players already getting cash should continue to do so but that no future players should be paid.

"Phasing out those payments is kind of like phasing out the robbery of a 7-Eleven," chorled ex-Governor White. Democrats hope to exploit the issue in the difficult budget battles that face the recession-plagued state by charging that Clements has proposed a freeze on education funding while appearing to care more about helping football players.

As the storm created by his own confession buffeted Clements, he had good cause to wonder about the merits of S.M.U.'s motto: "The truth shall make you free."

—By Ed Magnuson
Reported by Richard Woodbury/Dallas

Pizza Penance

A jury convicts 18 mobsters

The trial in the notorious "pizza connection" case ended last week after nearly 17 months, but the eleven-member jury needed only six days to deliver its verdict. A former Sicilian Mafia chief and 16 other men, said the exhausted jurors in New York City last week, were guilty of conspiring to distribute heroin and cocaine through a network of pizza parlors.

The case involved an intricate \$1.6 billion drug-smuggling operation, partly planned in obscure places like a Queens, N.Y., pizzeria. The government presented hundreds of witnesses, hours of bugged conversations and thousands of documents. Actors were brought in to read dialogue from the wiretaps, and interpreters translated proceedings into Italian for some of the defendants.

What emerged was a complicated tale of cooperation between the Sicilian Mafia and its American counterpart, the Cosa Nostra. Tons of morphine base were smuggled from Turkey to Sicily, processed into 1,650 lbs. of heroin, then sneaked through airports and distributed

by pizza parlors in the Northeast and Midwest. More than \$40 million in profits went back to Sicily in a laundering scheme involving banks in New York, Switzerland, Bermuda and the Bahamas.

Fear shrouded the proceedings, and jurors' names were kept secret. Even so, a juror was excused two weeks ago after revealing that a relative had received a threatening phone call. Earlier, one defendant was found in a trash bag in Brooklyn, shot and bludgeoned to death. Another was paralyzed by gunfire on a crowded Greenwich Village street.

It took 45 minutes for the shirt-sleeved foreman just to read the 59-page list of verdicts. The most infamous defendant was Gaetano ("the Uncle") Badalamenti, 63, former chief of the Sicilian Mafia, who faces up to 30 years in prison, and Salvatore ("the Baker") Catalano, 46, a Queens bakery owner who prosecutors say is a powerful capo in the Bonanno family. He could get life imprisonment. Fifteen other defendants were found guilty of conspiracy. Badalamenti's son Vito was found innocent of his only charge of conspiracy, and another defendant was convicted of federal currency violations. To U.S. Attorney Rudolph Giuliani it was a "tremendous victory." Said he: "No one case can result in a massive destruction of the Mafia. However, the momentum is now building."



Queens eatery

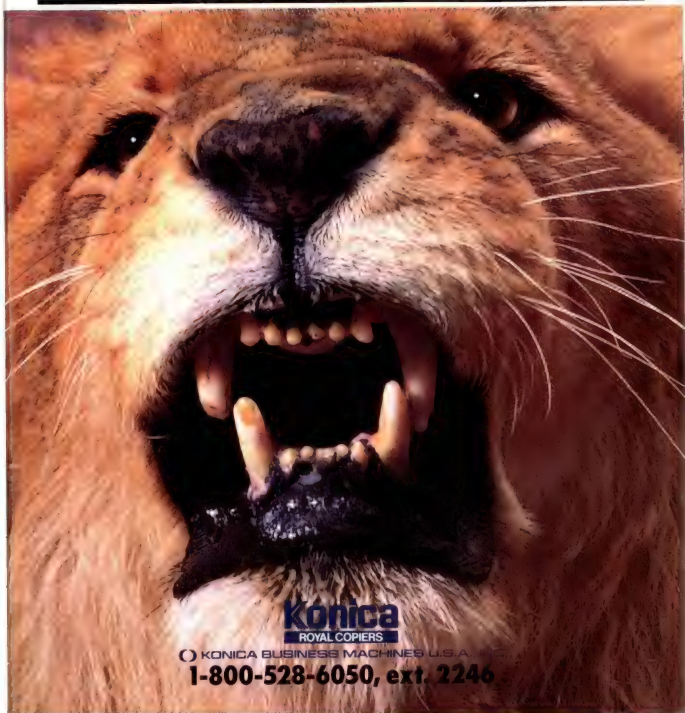


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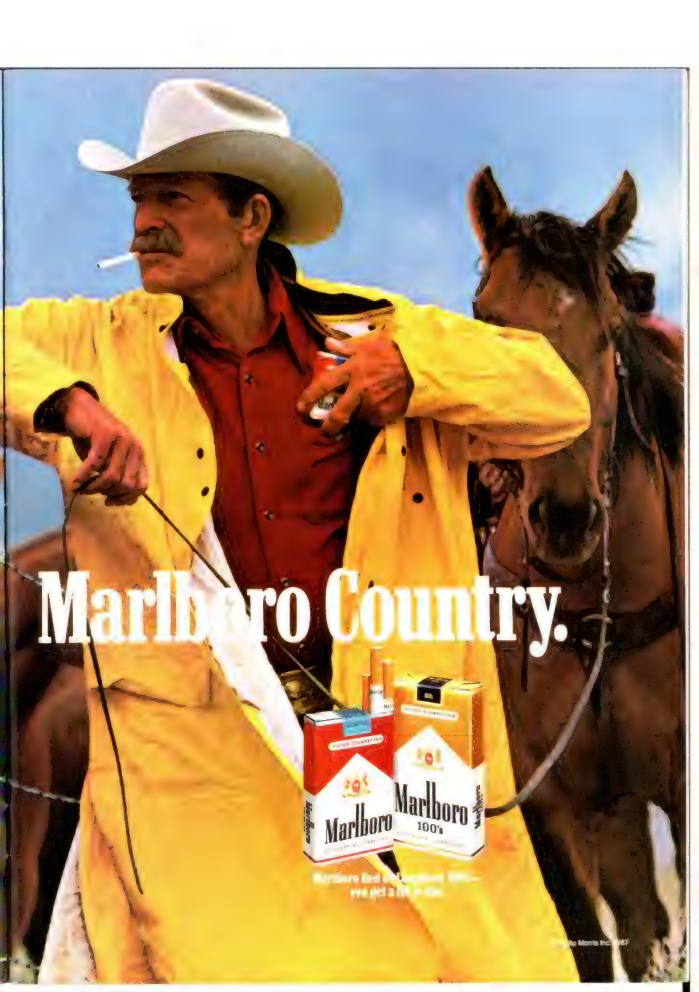
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A photograph of several horses behind a wire fence. The horses are brown and white, looking over the fence. A yellow hard hat is on a wooden fence post to the right. The background is a clear blue sky.

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American Notes



Chilly scene: Kennedy and friends on "Sleep-Out"



Revealing photograph



Mayor McNamara: Look, Ma, no tornado

HOMELESS

The Grate Society

The temperature in the capital dipped into the blustery 30s, but participants in "The Grate American Sleep-Out" were undaunted. A dozen members of Congress (including Joe Kennedy), three actors (including Martin Sheen) and Washington Mayor Marion Barry spent the night on a grate near the Library of Congress last week to illustrate the plight of the country's estimated 2 million homeless.

"We're not being pretentious," said Texas Democrat Mickey Leland, who wore a stocking cap and several shirts. "We have to keep the issue before the public." That he did: a dozen television cameras were on hand.

The next day the House passed a \$725 million bill to provide food, shelter and rent for the homeless over four years. But because of the federal deficit, the legislation has little chance of being funded when appropriations bills are marked up later this year.

CIVIL RIGHTS

No Laughing Matter

Last August the city of Long Branch, N.J. (pop. 30,000), paid \$1,500 in damages, plus

legal fees, to a black police dispatcher who, a state judge ruled, had suffered "humiliation and anguish" after overhearing racial jokes on the police radio. Says City Attorney Eugene Iadanza: "We can't afford this again." So last week Long Branch forbade its 250 employees from cracking racial, ethnic or sexual jokes on the job. First-time offenders face reprimand, dismissal and up to \$2,000 in fines.

The directive was issued after the state's division of civil rights ordered Long Branch police to comply with discrimination laws by punishing employees who intimidate others in the workplace. Though the joke ban raises First Amendment issues, the American Civil Liberties Union has been supportive. Still, Edward Martone, who heads the state's ACLU, admits the ban could be taken too far. Says he: "I'd be willing to represent an employee who was disciplined for telling a Polish joke in private."

ESPIONAGE

Dialing For Spies

Afraid that your commanding officer is a spy? Convinced that your brother-in-law is selling secrets to the Soviets? Then dial 1-800 CALL-SPY. After a yearlong trial run at four bases around the nation, the Army will introduce a plan next

month that will allow soldiers and civilian employees to report suspects simply by calling a toll-free number.

Army personnel will be asked to keep an eye out for suspicious incidents, including colleagues who claim to be taking short trips within the U.S. but who return with foreign currency, those who brag about working with classified data and strangers who ask for base telephone listings. The Army concedes that no spies were caught during the system's testing period; indeed, the Army has not had a major espionage case in recent years. "We're trying to maintain this record," says Lieut. Colonel Richard Holk, a spokesman for the Army's Intelligence and Security Command.

EMBARRASSING MOMENTS

Blowing His Cover

The cover of the February issue of the *Foreign Service Journal* shows Under Secretary of State Ronald Spiers sitting in his office, hands on desk, looking intently into the camera. But what's that peeking out from under his hands? A copy of the top-secret *National Intelligence Daily*, published by the CIA, that's what.

The *Daily* lies open to a report on Lebanon, with a map of that country plainly visible. Fortunately, nothing of great importance is to be gleaned

from the text. Says a State Department official: "It's not a serious breach." Nonetheless, the incident has embarrassed the State Department, which is usually quite careful with top-secret material. Though Spiers is not expected to lose his job, an in-house investigation is under way.

METEOROLOGY

Change in the Weather

As the sun rose over Rockford, Ill., last week, residents could not believe their ears. "At 4:35 a.m.," a local radio station reported, "a tornado hit the Rockford, Ill., weather office. The entire town of Rockford has been demolished. If you are in the path, go to a basement shelter." Gazing out their windows, the town's citizens discovered a placid dawn scene. Not even a tree branch was down.

Rockford (pop. 140,000) was the victim not of a lethal twister but of glitches in new computer software used by the National Weather Service. The tornado alert was one of five test alarms that were incorrectly sent out to local radio stations last week. Few Rockford residents believed the warning anyway. They know their weather, and early-morning tornadoes are rare indeed. Says Rockford Mayor John McNamara: "We don't take tornadoes lightly here."

World



An American Pershing II being assembled in West Germany: "The most important thing is that arms control is on the move again"

SOMMER - GAMMA LIAISON

DISARMAMENT

Let's Make a Deal

Gorbachev seizes the initiative with an offer to remove missiles

Mikhail Gorbachev's message was stunningly simple. If Washington would remove all of its medium-range missiles from Europe, Moscow would do the same. Ronald Reagan's response was no less bald: he promised to "seize this new opportunity" by presenting his Administration's own plan for a missile-free Europe. With those two moves, arms-control negotiations between the U.S. and the Soviet Union, which have been stalled since last October's superpower summit in Reykjavik, suddenly took off like a racing car at Le Mans. For the first time since the grimaces and recriminations of that meeting, the two leaders seemed prepared, indeed determined, to make a historic deal.

In Geneva, American and Soviet arms negotiators brought forth draft proposals for eliminating the medium-range missiles and agreed to continue talks on those weapons, which were due to adjourn last week. Then Soviet negotiators returned to Moscow for consultations, and Max Kampelman, the chief American negotiator, flew off to Brussels to brief NATO allies before continuing on to Washington to confer with President Reagan. At week's end Reagan announced that "to maintain the momentum" generated in Geneva, Secretary of State George Shultz would fly to Moscow in mid-April to confer with Soviet

Foreign Minister Eduard Shevardnadze.

The initial reaction to Gorbachev's proposal was highly favorable. "This is a real breakthrough," said a spokesman for Hans-Dietrich Genscher, the West German Foreign Minister. The Kohl government, once opposed to the total removal of missiles, was now solidly behind a deal. NATO Secretary-General Lord Carrington called the offer a "substantial step forward." Secretary Shultz felt there was "some prospect, perhaps pretty good, we can get something worked out."

Both Gorbachev and Reagan, of course, have their own personal reasons for wanting a deal. For Reagan, an arms-control accord could prove to be the ticket out of his Iran-*contra* doldrums, restoring a golden hue to his tarnished presidency. For Gorbachev, stable relations with the U.S. are essential if he is to have the time, energy and authority to concentrate on the internal reforms he is attempting. Masterly communicators, the two leaders have created a public perception that an agreement may be within reach. "The most important thing," says a senior U.S. official, "is that arms control is on the move again."

Gorbachev's proposal calls for removal of medium-range missiles from Europe over a five-year period. Washington would withdraw 108 Pershing IIs and 464 ground-launched cruise missiles, while

Moscow would dismantle 270 SS-20 missiles. The Soviets have 112 SS-4 missiles in Europe, but these are being replaced by more advanced SS-20s. Both sides would then be limited to 100 medium-range warheads, the Soviets on their Asian territory, the Americans on U.S. soil.

At last fall's summit Gorbachev insisted that cutbacks on medium-range missiles be linked to concessions on Reagan's treasured Strategic Defense Initiative. Now the Soviets are willing to discuss the missiles separately. In addition, they have signaled a greater spirit of cooperation on the two stickiest outstanding issues: verification procedures and shorter-range missiles.

Diplomats in Moscow last week were suggesting that Gorbachev's proposal should be called the Sakharov Plan because it contained ideas the dissident physicist put forth in a speech in mid-February (see *following story*). But arms-control hands with longer memories recognize the initiative by another name: the zero option. In 1981 the Reagan Administration presented just such a proposal for the elimination of all medium-range missiles from Europe. The move was an attempt to soothe peace activists nervous about the pending deployment of Pershing IIs and cruise missiles, which were intended to match the Soviet SS-20s. Given the proposal's nonnegotiable demands,

it was assumed the Soviets would never consider it seriously.

While the medium-range missiles are of political significance, they have limited military importance. If dismantled, only some 1,500 of the estimated 50,000 warheads would be removed from superpower arsenals. Moreover, existing strategic forces can easily cover the targets now handled by them. Still, West European leaders have long clamored for removal of the Soviet SS-20s. They now have to face the very real possibility of such an event and its complicated consequences. Diplomats may be recalling an aphorism of Oscar Wilde: "When the gods wish to punish us, they answer our prayers."

Many critics feel that the removal could be a serious strategic error. To begin with, the Soviets have a considerable advantage in conventional forces in Europe. NATO relies heavily on nuclear deterrence, while the Soviets have built up more nonnuclear strength. Said a British minister last week: "We're not comfortable with zero option. It would leave us at a terrible disadvantage given the Soviet Union's overwhelming superiority in tanks, planes and of course numbers."

In addition, the medium-range missiles are visible evidence of the U.S. nuclear guarantee, and some experts fear that their withdrawal could leave Europe less well protected. Former Secretary of State Henry Kissinger warns that if the missiles are taken out, "the American capacity to retaliate from Europe will be removed." Others argue that withdrawal of the weapons would be militarily destabilizing because it could encourage a non-nuclear conflict in Europe. NATO Supreme Allied Commander Europe, General Bernard Rogers, has warned: "The last thing we want to do is make Europe safe for a conventional war."

Many Europeans remain concerned about Soviet shorter-range nuclear arms. These can be fired up to 560 miles, com-

pared with the 3,000-mile range of the SS-20s, and could still hit West European targets. The Soviet arsenal includes some 500 such missiles in Europe, while NATO has none. The U.S. draft treaty tabled in Geneva includes provisions for NATO to match the Soviets' shorter-range systems. But even if Moscow is cooperative, efforts to equal Soviet strength would require new NATO deployments. That could provoke a painful repeat of the parliamentary debates and ugly street protests that attended the decision on the Pershing II and cruise missiles.

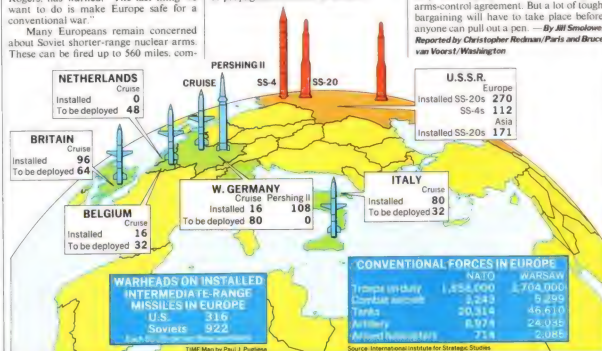
Verification procedures to ensure that the missiles are removed will prove sticky. While the Soviets have indicated their willingness to accept some kind of checks, the U.S. is pushing for very specific measures, and one NATO official admits "the Soviets could find these too tough for comfort." While the details were not divulged last week, the Pentagon is known to favor ten "surprise" visits a year, as well as monitoring of Soviet production, storage and training sites. Such arrangements would of course be reciprocal, giving the Soviets access to high-security areas in the West. Says Shultz: "Everyone is edgy about intrusive verification. But it's something we've all got to face up to, and that's all there is to it."

On the American side, initial optimism is mixed with some wariness. The Soviets have dangled the prospect before of a separate medium-range reduction pact, only to then demand that the agreement be linked to SDI concessions. Cautions former Defense Secretary James Schlesinger: "The Soviets are serious, but whether they're serious about negotiation or propaganda remains to be seen."

Certainly the exquisite timing of Gorbachev's proposal is suspect. Coming just two days after the release of the Tower commission's scathing review of the Reagan Administration's bungled arms-for-hostages policy, the offer was sure to appear attractive to an embattled President. Moreover, the announcement seemed timed to exploit disagreements within the NATO alliance over Washington's broad interpretation of the 1972 Anti-Ballistic Missile Treaty.

A less cynical reading of Soviet motives suggests Gorbachev moved as soon as he received a go-ahead from the Politburo. There had been hints that the Soviet leader would produce an arms-control initiative at a peace forum in Moscow last month. Gorbachev's colleagues may have insisted the announcement be timed instead to coincide with the resumption of Soviet nuclear testing, which started two weeks ago after an 18-month moratorium, thus giving an appearance of dealing from nuclear strength. The Soviets may also have been concerned that they must reach agreement with the Reagan Administration or wait several years for new disarmament talks. No matter who wins the 1988 presidential election, it will take the new Administration time to come up with its own strategic policy.

When it comes to disarmament negotiations, the devil is truly in the details. While the arms talks showed such progress last week that Yuli Vorontsov, the chief Soviet negotiator, predicted that an agreement could be reached by summer, it is still to be seen whether the momentum can be sustained. Both Gorbachev and Reagan would certainly like to hold a successful summit later this year—maybe even one at which they exchange pens after initiating an arms-control agreement. But a lot of tough bargaining will have to take place before anyone can pull out a pen. —By Jim Smolove, Reported by Christopher Redman/Paris and Bruce van Voorst/Washington



Of Arms and Reforms

By Andrei Sakharov

In February, barely two months after Soviet authorities unexpectedly released him from internal exile, Andrei Sakharov created a worldwide sensation by turning up at an international forum in Moscow. Sakharov, 65, a nuclear physicist often described as the "father of the Soviet hydrogen bomb" and a courageous defender of human rights in his homeland, spent nearly seven years under virtual house arrest with his wife Elena Bonner in the closed city of Gorky. During the February forum, Sakharov delivered three speeches eloquently expressing his concerns about human rights, U.S.-Soviet relations and the nuclear arms race. He made a slightly edited version of those speeches, along with a preface explaining his reason for giving them, exclusively available to TIME.

In the speeches, Sakharov takes up the broad themes that repeatedly have brought him into conflict with the Kremlin since the early 1960s: the connection between preserving

peace and protecting human rights, the need for greater openness in the Soviet Union, and the possibility of an eventual convergence of capitalist and socialist societies.

Sakharov voices deep skepticism about Ronald Reagan's proposed Strategic Defense Initiative. Yet he does not favor the Soviet negotiating position that makes an arms-agreement "package" dependent on what amounts to U.S. abandonment of SDI. Mikhail Gorbachev's latest proposal of a separate agreement on intermediate-range nuclear forces appears to approach this position.

The conclusion of Sakharov's statement may surprise those who saw Chernobyl as a crippling if not fatal blow to the future of nuclear power. He argues strongly for the further peaceful development of nuclear energy, but suggests that reactors be buried underground to prevent any repetition of last year's Soviet nuclear disaster.

"Democratization and liberalization in the U.S.S.R. will be impeded unless the arms race slows down. Gorbachev and his supporters, who are waging a difficult struggle against ossified, dogmatic and self-seeking forces, have an interest in disarmament . . ."

I agreed to participate in the "Forum for a Nuclear-Free World and the Survival of Mankind" on Feb. 14-16 in Moscow, and I spoke at three sessions. My decision attracted great attention. Some approved of it, some condemned it, many characterized it as sensational. But for me the choice was clear.

My views were formed during the years I spent on nuclear weapons: in my struggle against testing of these weapons in the atmosphere, underwater or in space; in my public activities and writing; in the human-rights movement; and in Gorky isolation. My fundamental ideas were reflected in a 1968 essay, "Progress, Peaceful Coexistence, and Intellectual Freedom," but since then life has brought many changes that have forced me to modify my position and make it applicable to specific circumstances. I am referring in particular to recent changes in the domestic life and foreign policy of the U.S.S.R.

The main and constant ingredients of my position are the idea that the preservation of peace is indissolubly linked to the openness of society and the observance of human rights, as formulated in the Universal Declaration of Human Rights, and the conviction that only the convergence of the socialist and capitalist systems can assure a fundamental and lasting solution to the problem of peace and the survival of mankind.

I realized that my participation in the forum would be used to some extent for propaganda purposes. But I believed that the positive significance of a public speech, after I had been gagged for so many years, would outweigh any negative effects.

The ideas I expressed differ in many respects from the official Soviet position, but in many other respects they coincide with it. In any event these are my thoughts, my convictions. At the forum, two Soviet participants, Academician Yevgeni Velikhov, vice president of the Soviet Academy of Sciences, and Andrei Kokoshin, the deputy director of the Institute of U.S.A. and

strictly linking agreements on nuclear weapons reductions to conclusion of an SDI agreement. Another important statement was on the safety of nuclear power, in my third speech. I would like there to be a broad public discussion of these issues.

My participation in the forum was reported in the Soviet press but not the main points of my remarks. This is what *Pravda* wrote: "Academician A.D. Sakharov noted the unsoundness of the position of SDI proponents. He also termed as incorrect the idea that the existence of the SDI program would spur the U.S.S.R. to disarmament talks. The SDI program impedes negotiations. The scientist also proposed his own version of how to achieve a 50% cut in nuclear weapons." Western radio stations have also reported my views imprecisely and incompletely. This reinforced my decision to publish the complete text of my speeches at the forum.

ON GORBACHEV. I have thoughts of a technical nature regarding strategic arms reduction. But first I would like to examine certain general issues. As a citizen of the U.S.S.R., I direct my appeals to the leadership of our country in particular, along with the other great powers with their special responsibility for the world situation.

International security and real disarmament are impossible without greater trust between the nations of the West and the

Canada Studies, argued at length against some of my ideas. I take that as an indication of the importance and relevance of my words.

My first speech was delivered at a session on strategic arms reductions, the second at a session on antiballistic-missile (ABM) defense and the Strategic Defense Initiative, the third at a session on the problem of banning underground tests (a so-called comprehensive test ban, or CTB). I attach special significance to the second of the talks, in which I came out against the "package" approach, whereby the U.S.S.R. is

U.S.S.R. and other socialist countries. There must be a settlement of regional conflicts on the basis of compromise and restoration of stability wherever it has been disrupted. Support for destabilizing and extremist forces and all terrorist groups should be ended, along with attempts to expand the sphere of influence of one side at the expense of the other. All countries should work together on economic, social and ecological problems. Greater openness and democracy in our country are necessary. We need the free flow of information: the unconditional and complete release of prisoners of conscience; the freedom to travel, to choose one's country and place of residence; effective control by the people over the formulation of domestic and foreign policy.

Despite the continuing process of democratization and the increasing openness in the country, the situation remains contradictory and unsettled, and in some areas instances of backward movement can be observed (for example, the new decree on emigration). Without a resolution of political and humanitarian problems, progress in disarmament and international security will be extremely difficult, if not impossible.

Conversely, democratization and liberalization in the

U.S.S.R.—and the economic and social progress closely associated with them—will be impeded unless the arms race slows down. Gorbachev and his supporters, who are waging a difficult struggle against ossified, dogmatic and self-seeking forces, have an interest in disarmament, in making sure that huge material and intellectual resources are not diverted to producing new and more sophisticated weapons.

But the West and the entire world also have an interest in the success of reforms in the U.S.S.R. An economically strong, democratic and open Soviet Union will be a very important guarantor of international stability, a good and reliable partner in the common resolution of global problems. On the other hand, if the West tries to use the arms race to exhaust the U.S.S.R., the course of world events will be extremely gloomy. A cornered opponent is always dangerous. There is no chance that the arms race can exhaust Soviet material and intellectual resources, or that the U.S.S.R. will collapse politically and economically: all historical experience indicates the opposite. But the process of democratization and liberalization will stop. The scientific and technical revolution will assume a pronounced military-industrial character, and as one might fear, expansionist tendencies and alliance with destructive forces will prevail in foreign policy.

STRATEGIC ARMS. Now a word regarding the special problems of strategic arms limitation. At their meeting in Reykjavik last October, President Reagan and General Secretary Gorbachev discussed a simultaneous 50% cut in all types of strategic weapons of the U.S. and U.S.S.R. This plan would maintain the existing proportions of various types of arms for each side. I am relying on publications available to me; it is possible that certain details are unknown to me. The "proportional" scheme is the simplest, and it is quite natural that progress should begin with that. But it is not the optimal outcome, since it does not solve the problem of strategic stability.

A large part of the U.S.S.R.'s thermonuclear capability is in powerful, silo-based missiles with multiple warheads (SS-17, SS-18 and SS-19 ICBMs armed with MIRVs and launched from underground silos). Such missiles are vulnerable to a pre-emptive strike by the modern, highly accurate missiles of the potential enemy. It is of decisive importance here that a single enemy missile with multiple warheads can destroy several silo-based mis-

siles. Given the rough equality of the U.S. and the U.S.S.R., the enemy could use only a portion of his own missiles to destroy all of one side's silo-based missiles. In that situation, the strategic importance of being the first to strike grows enormously. A country relying mainly on silo-based weapons may be forced in a critical situation to launch a first strike. This is an objective strategic reality that cannot be ignored by the opposing side.

I want to stress that no one planned this situation when silo-based missiles were deployed in the 1960s and '70s. It arose as a result of the development and deployment of multiple warheads and the increase in missile accuracy. But today silo-based missiles—and, more generally, any missiles with vulnerable launch sites—constitute the principal source of military strategic instability.

For this reason I believe it is extremely important to give priority to cutting back missiles with vulnerable launch sites, i.e., missiles that are mainly first-strike weapons. That means first and foremost reducing the number of Soviet silo-based missiles, which are the backbone of Soviet thermonuclear forces, as well as U.S. MX missiles (the new, ten-warhead ICBM that became

operational at the end of 1986). Perhaps simultaneous with an overall reduction in numbers, some of the remaining Soviet silo-based missiles should be replaced, at the same time as the general cut, by less vulnerable missiles with equivalent striking power (missiles using mobile or camouflaged launchers, cruise missiles with various basing modes, submarine-based missiles, and so on). I believe there is no need to replace the U.S. MX missiles, since they play a smaller role in the overall balance and can simply be eliminated in the process of bilateral cuts.

Admittedly, negotiating a nonproportional reduction (one that would require heavier cuts for silo-based ICBMs) is more difficult for experts and diplomats than agreeing to a proportional reduction. But I am convinced that this is extremely desirable. The additional expenditures required for restructuring Soviet strategic forces seem to me fully justified, and the deeper the cuts in the (Soviet and U.S.) strategic forces, the small-

er those expenditures will need to be.

That brings me to the question of how to determine the maximum cuts in the strategic forces that will still permit strategic stability to be maintained. That is a very difficult task, involving numerous unknown and not properly defined factors.

I shall cite two considerations illustrating these difficulties. An assessment of the damage that would result from a nuclear exchange depends on what scenario one uses, on whether the enemy has launched a first strike or a retaliatory strike. As I see it, a country undertaking a dangerous confrontation may decide to launch a first strike, since the level of damage it will sustain from the enemy's retaliatory blow will be lower. That raises the considerably more complex question of maximum acceptable damage that a country contemplating a nuclear war can sustain. How much harm to the populace and the nation's economic and military potential can a government undertaking nuclear confrontation permit as the price for victory? For that question to arise, it is assumed that there would not be mutual assured destruction.

This question cannot be resolved on the basis of a peacetime psychology. I recall decisions made under critical circumstances by leaders of the recent past, but in fact the situation of which we are speaking here [a superpower's willingness to "go nuclear" in a crisis] is without precedent. For this reason, I would be hard put today to name a specific level [of strategic nuclear weapons at



SAKHAROV ATTENDING MOSCOW FORUM

World

which war would be "thinkable". It may even approach the level of what we think of now as mutual assured destruction! In any event, this question can be postponed until after a 50% reduction has been implemented [with a "priority" on reductions in first-strike weapons, such as fixed-site ICBMs].

A nuclear-free world is a desirable goal, but it will be possible only in the future as the result of many radical changes in the world. The conditions for peaceful development now and in the future are settlement of regional conflicts; parity in conventional arms; liberalization, democratization and greater openness of Soviet society; observance of civil and political rights; a compromise solution on the issue of antimissile defenses without combining it in a package with other questions of strategic weapons. Convergence—a rapprochement of the socialist and capitalist systems—offers a real and lasting solution to the problem of international security.

UNTYING THE PACKAGE. The possibility of an agreement on several critical disarmament problems emerged in Reykjavik. But the negotiations were frustrated by the SDI problem, more precisely by Reagan's reluctance or inability to conclude a compromise SDI agreement providing for both a moratorium on deployment in space of ABM components (which is a necessary condition) and specific limitations on the testing of SDI, which involves launches of components into space or underground nuclear explosions. In the version most acceptable to the U.S.S.R., the agreement would provide that SDI work be limited solely to laboratory research. Apparently the compromise agreement proposed by the Soviet side was unacceptable to the U.S. side, since it deprived America of a free hand to proceed with SDI.

Given the predictable position that Reagan took [he rejected the Soviet attempt to limit SDI to the laboratory], the package principle adopted by the Soviet side assumed decisive importance. It makes an agreement on SDI a necessary condition for other disarmament agreements, especially any agreement to cut the number of ICBMs. A deadlock developed.

I believe that the package approach can and should be revised. A significant cut in ICBMs and medium-range and battlefield missiles, and other agreements on disarmament, should be negotiated as soon as possible, independently of SDI, in accordance with the lines of the understanding laid out in Reykjavik (presumably with the additional feature of priority cuts in silo-based MIRVed ICBMs). I believe that a compromise on SDI can be reached later. In this way the dangerous deadlock in the negotiations could be overcome. I shall try to analyze the ideas that led to the package approach and demonstrate their unsoundness. I shall also attempt to demonstrate the unsoundness of the arguments in favor of SDI itself. I'll begin with the latter.

I'm convinced that the SDI system is not effective for the purpose for which its proponents claim it was intended. ABM components deployed in space can be put out of action even in the non-nuclear stage of a war, and especially at the moment of transition to the nuclear stage, through the use of antisatellite weapons, space mines or other means. Many key land-based ABM installations will also be destroyed. The use of ballistic missiles with lighter warheads and solid-fuel missiles with decreased boost-phase time will require an excessive increase in the number of SDI space stations.

ABM systems are of little use against cruise missiles and missiles launched from close range [with "depressed," sub-ballistic trajectories]. Any ABM system, including SDI, can be effectively overcome by simply increasing the number of decoys and operational warheads, by jamming and by various methods of deception. All this as well as other considerations makes SDI a kind of "Magenot line in space"—expensive and ineffective. Opponents of SDI maintain that even though it would be ineffective as a defensive weapon, it could create a shield behind which a first strike would be launched, since it might be effective in repelling a weakened retaliatory strike.

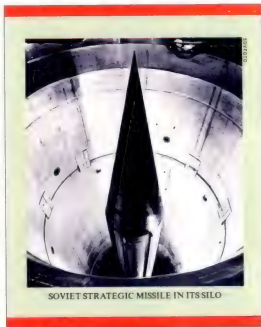
I think they are wrong. First, a retaliatory strike would not necessarily be greatly weakened. Second, almost all the arguments cited above regarding SDI's flaws in defending against a first strike would apply to a retaliatory strike as well.

Nevertheless, neither side can be expected to abandon SDI research at this time, since the possibility of unexpected successes cannot be ruled out. What may be even more important and realistic is that the concentration of resources on the cutting edge of technology may result in important spinoffs in peaceful and military fields, such as in computer science. I still believe all these considerations and possibilities to be secondary in comparison with the enormous cost of SDI and the negative influence of SDI on strategic stability and disarmament negotiations.

Possibly SDI proponents in the U.S. are counting on an accelerated arms race, associated with SDI, to exhaust and ruin the economy of the U.S.S.R. This policy will not work and is extremely dangerous to international stability. In the case of SDI, an "asymmetric" response (i.e., a push to develop offensive forces and weapons to knock out an SDI system) would most efficiently frustrate such hopes. The claim that the existence of the SDI program has spurred the U.S.S.R. to disarmament negotiations is also wrong. On the contrary, the SDI program is impeding those negotiations.

I shall now proceed to the central question of the package approach. A seemingly serious argument is cited in defense of the package principle: imagine that the U.S.S.R. abandons the package and agrees to a substantial cut in strategic missiles, while the U.S. maintains its freedom to deploy SDI and at a certain point begins launching SDI components into space—in the version proposed by Secretary of Defense Caspar Weinberger, for example [Weinberger eight weeks ago called for early deployment of a preliminary SDI, including some space-based components]. Weinberger's project envisions the development of a network of space stations over several years, each armed with several dozen antimissile missiles to destroy Soviet ICBMs in the boost phase of their trajectory. In addition, a network of sensors, reconnaissance and battle-management stations would be created. The purported danger of this system is that it would not be effective against the currently existing number of Soviet missiles, but would be sufficient, after that number is cut, to render the U.S.S.R. unarmed for all practical purposes. It is also possible that offensive nuclear space-to-ground missiles and offensive space-to-ground laser weapons could be hidden on the hundreds of space stations contemplated.

I shall begin with the last worry. Space-to-ground weapons do not appear very promising to me. Missiles deployed on space stations would have much lighter warheads (than ground-based



SOVIET STRATEGIC MISSILE IN ITS SILO

ballistic missiles of comparable cost. Moreover, the space stations and any devices launched from them would be very vulnerable to pre-emptive attack, and lasers capable of igniting fires at a distance of 100 kilometers (some 62 miles) or more must be extremely powerful and are not very reliable. But the main argument advanced in favor of the package approach is the potential of SDI against reduced Soviet ICBM forces.

I believe it is *extremely unlikely* that the U.S. would deploy SDI under conditions of an arms reduction, considering the extremely negative political, economic and strategic consequences of deployment and the harm SDI would do to the stability of the world situation. (Prominent U.S. political figures are convinced that Congress would not permit it.) If disarmament begins, the SDI program in the U.S. will lose its popularity.

But even if the forces insisting on SDI deployment nevertheless were to prevail, the U.S.S.R. would not be left in a hopeless position. It could bring to a halt any reduction of its strategic forces and begin accelerated construction of mobile strategic missiles and cruise missiles, which would thus replace vulnerable silo-based missiles. As I have noted, such substitution is desirable for other reasons.

Simultaneously, the U.S.S.R. could begin accelerated development of antisatellite weapons and space mines, which would enable it to destroy or paralyze the U.S. SDI system. It would be especially easy to destroy the comparatively few reconnaissance stations. The cost to the Soviet Union would increase, but it would not exceed acceptable levels. It would be comparable to the expense of sticking to the package approach and the existing level of the arms race.

Of course the second scenario is less favorable than the first for the U.S.S.R. But it is also less favorable for the U.S. and for the entire world. This provides reason to hope that the U.S. will not deploy SDI and will limit itself to research, which may even bear fruit in peaceful areas.

This then is the choice, either insistence on the package approach and a continuation of the arms race at existing and growing levels, combined with inevitable deployment of SDI, or abandonment of the package approach, which would permit an escape from the Reykjavik deadlock. Of course, in the worst case (SDI deployment), which I do not believe likely, a new round of the arms race would begin with the U.S.S.R. replacing silo-based missiles with mobile ones. Even in that event, I do not believe that the strategic position of the U.S.S.R. and the stability of the international situation would be different from the situation that would be the case if the package approach were maintained (and the Soviet Union's political stand would be enhanced [by its show of flexibility]). Therefore I wholeheartedly favor renunciation of the package approach.

TESTING. Regarding the problem of nuclear testing, I maintain that the combat capability of many new versions of nuclear weapons (of both the fission and fusion kind) can be reliably determined without conducting nuclear tests. A possible exception may be weapons based on new physical and design principles. But existing physical and design principles already are quite sufficient to manufacture nuclear weapons satisfying all military requirements. Testing is not required to develop new versions of weapons differing only in terms of dimensions, weight or other such parameters from those previously tested. Testing is currently not necessary to verify the reliability of older, stockpiled weapons

or to verify their ability to withstand the mechanical, thermal and radiation effects they may have been subjected to in combat.

One can in principle divide every nuclear charge into four relatively independent systems: electronic; ballistic; atomic and (for a hydrogen device) thermonuclear. The reliability of the first three systems can be confirmed by laboratory tests supplemented by experiments in which a low-yield fission or fusion reaction releases a small quantity of neutrons, which can be measured by a counter close to the charge to be tested. The fourth system—thermonuclear—does not require testing in the majority of cases, since its reliability may be established by analogy to previously tested charges based on the same physical and design principles. At the same time computer simulations of thermonuclear explosions are also quite helpful (calculations of explosive processes exhibiting spherical symmetry or symmetry of the axis of rotation are completely reliable; the reliability and accuracy of these calculations can be verified by comparing the computer simulation of actual test results obtained for analogous charges exploded in the past).

Thus the question of nuclear testing is not critical for restraint of the nuclear arms race. The issue of nuclear testing, in

my opinion, is of minor, secondary importance in comparison with the other military, technical, political and diplomatic problems involved in preventing thermonuclear calamity. Underground tests are conducted in sufficiently deep chambers with adequate safety measures to prevent ecological damage both in the country performing the tests or beyond its borders. As long as nuclear weapons exist and are not banned, the decision regarding underground testing is the internal, sovereign affair of each nuclear power.

I believe that eliminating the issue of a comprehensive nuclear test ban will facilitate negotiations on more urgent problems of disarmament. I have deliberately omitted any discussion of the propaganda and psychological aspects of the test-ban issue.

Nuclear weapons divide and threaten mankind. But there are peaceful uses of nuclear energy that should promote the unity of mankind. Permit me to say a few words on this subject. Participants in the forum have mentioned in

their speeches the disaster at Chernobyl, an example of the tragic interaction of equipment failure and human error. Nevertheless, the aversion people rightly feel for military applications must not spill over to the peaceful use of nuclear energy. Mankind cannot do without nuclear power. We must find a solution to the safety problem that will rule out the possibility of another Chernobyl resulting from human error, failure to follow instructions, design defects or technical malfunctions.

One effective solution is the underground siting of nuclear reactors at a depth that precludes the escape of radioactive substances into the atmosphere in the event of an accident. This would also assure nuclear safety in the event of damage to the reactor as a result of a conventional war. It is particularly important to assure the safety of nuclear plants used for generating heat and electricity in the vicinity of large cities.

The idea of underground siting of nuclear reactors is not new. The principal argument against it is the cost factor. But I'm convinced that the cost will be acceptable if modern excavating equipment is used. And, really, no expense should be spared to prevent accidents involving radiation. I believe that people concerned about the potential harmful consequences of the peaceful use of nuclear energy should concentrate their efforts not on attempts to ban nuclear power, but instead on demands to assure its complete safety.



INSIDE A LENINGRAD NUCLEAR PLANT



They claimed a moral obligation to do what they did: Pollard, left, and his wife Anne leaving the U.S. district court in Washington

World

ESPIONAGE

Spying Between Friends

The Pollard verdict causes a wave of unease in Israel

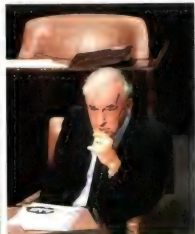
No one in Israel was mincing words. Defense Minister Yitzhak Rabin called it a "real disaster, a real wound in Israeli-U.S. relations." Foreign Minister Shimon Peres admitted that Israel had made a "regretful mistake." Declared former Foreign Minister Abba Eban: "This is the most difficult moment in the history of Israel's international relations, especially because the wrongdoing was done here."

The disaster, the wound, the mistake, the wrongdoing turned on the case of Jonathan Jay Pollard, 32, an American naval intelligence analyst, who was given a sentence of life imprisonment last week for spying in Israel's behalf against the U.S. Pollard's wife Anne, 26, was condemned to prison for five years. In Israel this final denouement of the Pollard affair precipitated a painful self-examination of intelligence operations as well as worries about the future of the special relationship between Israel and the U.S.

The saga of Jonathan Pollard the spy began in the spring of 1984, when he first met Colonel Aviam Sella, one of Israel's best-known younger military officers, through a mutual acquaintance. The Israeli colonel at the time was taking a course in computer engineering at New York University. Pollard offered to spy for the Israelis and soon began to steal documents from the Naval Investigative Service in Suitland, Md., where he worked. On a trip to Paris that fall, he met Yosef Yagur, scientific attaché at the Israeli consulate in New York City, and Rafi Eitan, the former deputy head of Mossad, the Israeli intelligence agency.

Eitan was running the small, little-known intelligence unit to which Pollard was passing information. Month after month, Pollard delivered highly classified documents to the apartment of Irit Erb, a secretary at the Israeli embassy in Washington, where the material was photocopied.

In November 1985, co-workers finally noted that Pollard was taking classified papers home with him and informed the FBI. During the ensuing interrogation, Pollard phoned his wife and alerted her to what was happening by using the code word "cactus." Anne Henderson-Pollard then warned the Israelis of the impending danger and tried unsuccessfully to dispose of a suitcase full of classified documents.



Defense Minister Rabin called it a "disaster"

A few days later the Pollards drove to the Israeli-embassy compound, where they apparently hoped to gain refuge and perhaps political asylum. But the Israelis, realizing the Pollards were being followed by the FBI, turned them away, and the pair were soon arrested. Sella, Yagur and Erb quietly slipped out of the country.

In a world in which spying between friendly nations is not uncommon, what was unusual about the Pollard case? For one thing, the sheer volume of the intelligence material Pollard stole and turned over to Israel. According to the Government, if all these documents were stacked in one place, the resulting mountain of paper would be 6 ft. wide, 6 ft. deep and 10 ft. high. Furthermore, the material stolen covered a wide range of highly sensitive subjects, from nuclear facilities in Iraq and Pakistan to Soviet surface-to-air-missile capabilities to the anti-aircraft defenses around the Palestine Liberation Organization headquarters in Tunis. Israel later staged an air attack on the P.L.O. buildings, killing at least 60 Tunisians and Palestinians. Declared Defense Secretary Caspar Weinberger: "It is difficult for me to conceive of a greater harm to national security than that caused by the defendant in view of the breadth, the critical importance to the U.S. and the high sensitivity of the information he sold to Israel."

Throughout the case, Pollard's attorneys attempted to portray their client as an idealistic Zionist whose actions were based on his concern for Israel's security and survival. The prosecution, however, pointed out that Pollard had received some \$50,000 for his espionage and, had he remained in the service of the Israelis for an additional nine years, would have wound up with at least \$500,000.

The defense also based its case on the contention that spying for Israel, a close U.S. ally, was fundamentally different

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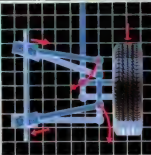
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from spying for, say, the Soviet Union and that nobody could prove Pollard's actions had actually harmed his country. The prosecution took a dim view of that argument. Explains John Martin, the Justice Department's chief of internal security: "God forbid that the day should come when we would have the burden of showing that not only did a spy give up information on nuclear weapons but that those weapons were used under hostile conditions."

Outside the courtroom, Pollard and his wife were making statements that were as legally compromising as anything in their testimony. In a letter published in the *Jerusalem Post*, Pollard wrote of his "absolute obligation" to spy for Israel and alluded to circumstances in which a person might be forced to use "situational ethics" as a guide to his conduct. His wife, interviewed on CBS's *60 Minutes*, spoke of the responsibility of American Jews to aid Israel. Said she: "I feel my husband and I did what we were expected to do, what our moral obligation was as Jews [and] as human beings, and I have no regrets about that."

In an unusually emotional courtroom finale, the Pollards pleaded desperately for clemency. But despite the fact that Pollard entered a guilty plea last summer and since then had been cooperating to some degree with the Government in finagling the Israeli officials with whom he had worked, U.S. District Court Judge Aubrey Robinson Jr. concluded that Pollard's crime merited the harshest punishment the court could impose.

When the case first broke in late 1985, the U.S. was not yet aware of the seriousness of the espionage, and accepted Israeli



A conspirator who escaped: Rafi Eitan

A country suffers recrimination and worry.

promises of assistance in settling the affair. The Justice Department wanted to proceed with the trial of Pollard and the indictment of his Israeli contacts, but the State Department argued that American relations with Israel should receive primary consideration. Secretary of State George Shultz spoke of Israeli "cooperation" on the case, and State Department Legal Adviser Abraham Sofaer headed a delegation that was sent to Israel to collect the documents Pollard had stolen. According to court records, Sofaer returned with a mere 163 documents out of the thousands that had been taken.

Gradually the Administration's anger

increased as it realized the gravity of the security breach and the difficulty of ascertaining exactly what had happened. Moreover, though Jerusalem still insisted that Pollard had been part of a "rogue" spy team, Washington began to suspect that those who had worked with him were actually being rewarded. Eitan, who had headed the Pollard operation, was appointed board chairman of Israel Chemicals, a large government-owned company. Two weeks ago Colonel Sella was named commander of one of Israel's most important air bases, Tel Nof.

After learning of Sella's promotion, the Administration canceled a joint American-Israeli air force training course and put Tel Nof off limits to U.S. officers and other officials. In addition, the Administration threatened to suspend its policy of military cooperation with the Israeli air force unless Sella's appointment was rescinded. Last week a federal grand jury in Washington issued an indictment against Sella.

Israel's Foreign Minister Peres is undoubtedly right in his judgment that the "body of relations" between the U.S. and Israel is strong and can withstand the shock of the Pollard affair. But the case raises troubling questions about the proprieties of espionage between allies. Says the Justice Department's Martin: "Even as friendly as you are, there are times when national interests are different. It is up to policymakers to decide who gets what. We can't have individuals secretly providing information to any friend or foe."

—By William E. Smith.

Reported by Ron Ben-Yishai/Jerusalem and Anne Constable/Washington

"I Strangled My Dreams"

In a presentencing statement prepared for Judge Aubrey Robinson Jr., Jonathan Jay Pollard sought to mitigate his punishment by explaining his motives in spying for Israel. Though sections of his 60-page memorandum have been kept secret for security reasons, even the version released by the court is a tortured and revealing document:

"In my mind," wrote Pollard, "assisting the Israelis did not involve or require betraying the United States." He only wanted to provide Israel with "such information on the Arab powers and the Soviets that would... avoid a repetition of the [1973] Yom Kippur War... I knew what I was contemplating was wrong, but at the same time all I could see was that the ends justified the means."

As he fed the Israelis technical data on Soviet missile technology and critical strategic information on various Middle East countries, Pollard became convinced that he was Israel's lifeline. "I was, quite literally, Israel's eyes and ears over an immense geographic area stretching from the Atlantic to the Indian Ocean."

From an early age Pollard was a committed Zionist, and he said he was inspired by that cause. "The first flag I could recognize in my early youth was that of Israel." He viewed the survival of the Jewish state as "nothing less than a racial

imperative." He decided as a teenager to become an Israeli citizen eventually and chose a career in intelligence because it "would be well received in Israel once I emigrated." (He never gave up his American citizenship or emigrated.) Pollard was also deeply affected by the blatant anti-Semitism he claims to have experienced in the U.S. Navy, which he described as the "last refuge of the patrician bigot."

Pollard said he started spying in part because he thought U.S. intelligence was not doing enough to keep Israel informed of the Soviet arming of the Arabs. "What I couldn't understand was why people didn't see that without Israel the U.S. strategic position in the eastern Mediterranean was completely untenable." He maintains that his operation was sanctioned by the Israeli government. "It is my belief that the government of Israel was fully aware of both my assistance to its intelligence services as well as my true motives in this affair, official denials notwithstanding."

In his statement Pollard lamely tried to refute charges that he was a mercenary who lived lavishly on his payoffs. He and his wife Anne ate mostly at small, inexpensive restaurants, he wrote, and Anne always bought clothes on sale. Said Pollard: "I never sold my soul to Mammon."

With an emotional flourish, he concluded, "At times I feel as if I have metamorphosed into a twisted Zionist version of Alcibiades, never again to know the comfort of a homeland and spiritual refuge. I would seem to have strangled my dreams on the altar of unbridled hubris."



Clash in the streets: Seoul police arrest a protester during last week's commemoration of a youth who died while being tortured

SOUTH KOREA

Onslaughts of Force and Fury

Radical students form the core of opposition to the Chun regime

On the 49th day after death, according to Buddhist teaching, the souls of the dead make their journey into the next world. So it was last week that on the appointed day several thousand students gathered in the streets of Seoul to mark the final passage of Park Jong Chul, a 21-year-old student who had died during a police interrogation. What followed was more like a descent into hell.

The students, joined by an assortment of sympathizers, were met by an overwhelming onslaught of force and fury. Some 10,000 shield-bearing policemen, armored in riot helmets, blocked major street corners. As the students marched in remembrance of their slain comrade, the police fired tear-gas grenades into their midst. Thick clouds of blinding fumes soon routed the protesters, sending them gasping and reeling. One band of Buddhist monks were gassed and shoved as they tried to enter their temple. Chanted several gray-robed monks as they were driven back: "Restore democracy! Overthrow the dictatorship!"

That cry has echoed more and more across South Korea in recent months, and more often than not it has been uttered by the country's students, especially the radical hard-liners. On every side, demands are growing that President Chun Doo Hwan reform a regime that, while not nearly as repressive as Communist North Korea's, stifles dissent and tortures and imprisons political opponents. In frequent demonstrations, university students have demanded an end to dictatorship when Chun, a former general who seized power in 1980, fulfills a pledge to step down next February. The students' aim is nothing less than to bring what they consider de-

mocracy to a country that is rapidly becoming an economic power while remaining politically mired in the autocratic traditions of a 5,000-year-old society.

The students, who began a new school term last week, have attracted intense scrutiny by Washington and other capitals. With a 40,000-troop garrison in South Korea, the U.S. views that country as a key Pacific ally and a bulwark against the Soviet-backed North Korean

government. Washington was thus taken aback last year, when North Korean slogans began creeping into South Korean protests and student rhetoric turned sharply anti-American. The U.S. has since urged Chun to help defuse the situation by compromising with the opposition on a formula for the transition to democracy. Secretary of State George Shultz, who visited Seoul last week during a ten-day Far East swing, reportedly received assurances that Chun would seek such a compromise. Said a senior U.S. diplomat: "We believe this is a historic opportunity, and both Chun and the opposition have got to take it." A breakthrough will be difficult to achieve, however, because the country has little tradition of political accommodation.

The students and Chun today seem to be on a collision course. The protesters are clear about what they want. "Most Koreans, whether students or not, favor a return to civilian government," says a former council president at Seoul National

University who was jailed for 1½ years for organizing a reading circle. "We want to see a change in the constitution and direct election of a President. This is the most important thing to end the crisis in the country."

The election issue is a bitter one in a nation that has not had a democratic change of power since its founding in 1948, and hopes to show the world a peaceful face when it is host to the 1988 Summer Olympics. Chun, who would be the first South Korean leader to leave office voluntarily, wants to convert the presidential system into a parliamentary one that would choose his successor. That move would allow the party that controls

the National Assembly to name a Prime Minister. But opponents argue that under South Korea's complex method of apportioning seats, such a system would give Chun's Democratic Justice Party a stranglehold on power. That in turn would perpetuate the grip of Chun's strongest supporter, the 600,000-member armed forces, on the political life of the country.

While the students are clear about their goals, they are vague about their ties to North Korea, one of the world's most repressive Communist regimes. South Korean police are always quick to draw a link between students and the North or pro-Communist groups. Said Lee Yong Chang, the director of the national police, last week: "These student activities will provide pro-Communists with an opportunity for terrorism."

Police claimed they had proof of such charges last fall when they discovered a North Korean newspaper article reprinted on wall posters at Seoul National Uni-



The embattled leader

versity. Banners urging unification of the two Koreas, in terms used by North Korea, later cropped up during a four-day student occupation of Seoul's Konkuk University. Though radical leaders contend that police planted the provocative materials, many students champion unification with the North. Says a student-union president: "The North and South are one people. Unification is a nationalistic goal, not an ideological one." Adds a frequent demonstrator: "Unification of the fatherland is our main goal."

Yet not even the most militant protesters admit to favoring a North Korean-style Communist government. "Actually we are in favor of democracy first and then unification," said a Korea University sophomore. Such views reflect a brand of thought that one U.S. diplomat labels "infantile Marxism." Says a Seoul prosecutor who has handled many cases against radical students: "They harbor some romantic views on the nature of the socialist state, and their idealism leads them to think that some of the problems of our society could be solved by socialism. But few understand or are dedicated to bringing the North Korean system here." Nor do they apparently realize that any unified state that the North Korean regime accepts would have to be Communist.

Some of the most thoughtful protesters are careful to renounce any ties to the North. "We are moving away from such linkage," says one student activist. "That position did not help us, and it was misunderstood by the public because the government used McCarthyite tactics to paint us all as Communists." The lesson was painfully learned. Many students continue to long for unification as an important goal, but they have grown wary of discussing it.

The youths are more open in their attacks on the U.S. They blame Americans for the Allied division of the Korean peninsula after World War II. Their chief complaint, though, is that Washington supports the dictatorial Chun government. "Without getting rid of the foreign influence of the Americans," one protest leader says, "we cannot restore democracy to Korea." A computer-science major at Seoul National University puts it simply. "We think of America as the most moral government in the world, and yet it backs this immoral Chun government. Why doesn't America support democracy here?"

Such views are often spread through radical student groups that have sprung up on every South Korean campus. Dabbling



Thick clouds of blinding tear gas rout the demonstrators
Seeking democracy after 5,000 years of autocratic rule.

in authors ranging from Lenin to Psychoanalyst Erich Fromm, the groups recruit promising freshmen who know little about politics or political theory and soon acquire a taste for sweeping generalities. "Basically our program stresses freedom, independence and democracy," one member says. Some groups run summer camps that bring youths to the mountains for intensive study. Others encourage students to quit school and take up jobs in factories, where they try to organize workers. While police seek to break up the groups by arresting their leaders, new ones quickly arise to replace those in jail.

Too often, student attitudes are marked by naiveté. Politics is seldom taught in school, and many students are the first members of their families to have received a higher education. They are often attracted by the latest intellectual fashion or the best conspiracy plot. One theory now making the rounds is that the small CIA team that supposedly engineered the ouster of Ferdinand Marcos in the Philippines has arrived in Seoul to topple Chun.

The very repressiveness of the Chun government gives radicals a rich soil to thrive in. South Korean students fill a political void that does not exist in some other East Asian countries. Japan, for example, permits dissent and has a vocal opposition that includes the Communist Party, which holds 27 seats in the national parliament, or Diet. But Koreans have no such democratic outlets. Kim Dae Jung, the country's most famous dissident, is barred from all political activity, and has been under frequent house arrest since returning from U.S. exile in 1985. Even left-

wing books and pamphlets are officially forbidden.

Koreans have a history of student activism that dates back to 1919, when youths led mass demonstrations against the occupying Japanese. That tradition continued unabated after World War II. In 1960 student protests drove President Syngman Rhee from office after twelve years in power. Demonstrations frequently erupted throughout the 1960s and '70s. A student uprising claimed more than 100 lives in 1980 in the city of Kwangju. More recently, some 1,500 protesters were arrested during last October's unrest at Konkuk University. Many were sentenced to up to seven years in prison.

By police estimates, students staged nearly 1,700 demonstrations during 1986.

But the violence brought a backlash that cost the students political influence and popularity. Radicals were largely ignored when they called for mass protests to disrupt last September's Asian Games. Most Koreans were proud and delighted by the 16-day games, which served as a warm-up for the 1988 Olympics, and were put off by student militants. The Koreans' pride was enhanced by the strong showing of their country, which outscored archrival Japan and finished a close second to China.

The chastened radicals are now shifting toward a less violent, if no less confrontational, approach to political action. They responded to police tear gas last week with balloons bearing anti-Chun slogans, rather than with bricks and fire bombs. "The people hate the government, but they are afraid of violence," one protest leader said. In their new mood, the students are seeking alliances with the New Korea Democratic Party, the chief opposition force. "They criticized us for being too pro-American, and would not work with us," says Dissident Kim, a powerful party mentor. "Now they are willing to take a more moderate line. True, they are still anti-American, but they have moved away from violence and pro-Communist slogans."

Yet the radicals are unlikely to renounce violence for long if their newfound pacifism proves unproductive. The student movement has gained too much strength, and is too deeply committed to change, to shrink from confrontation if it is felt to be necessary. "We will try this for the first half of the year," says a student leader at Seoul National University. "But we do not know how the government will react to these new tactics. They may be even more brutal, and then things might escalate once again. I can't tell how it will develop." Given South Korea's tradition of student dissent, the protesters seem likely to remain in the streets.

—By John Greenwald,
Reported by Barry Hillenbrand/Seoul



Honoring Park, ready for fumes



Nightmare in the Channel: the hulk of the *Herald* floats on its side off Zeebrugge, Belgium

A Tragical End for Day Trippers

Nearly 150 are feared dead as a British ferry capsizes

The North Sea harbor was calm but cold at 7:50 p.m. as the ferry *Herald of Free Enterprise* pulled out of the slip at Zeebrugge, Belgium, to begin its regular 85-mile run to the British port of Dover. Darkness had just fallen, and the 543 passengers and crew, most of them British, were settling in for the 4½-hour journey. Some were day trippers returning to Dover after a promotional tour sponsored by the *Sun*, a London tabloid. Others were British soldiers on leave from their units in West Germany. The ferry was about three-fourths of a mile from the harbor when something went very wrong. "All of a sudden there was the shock of the boat shaking and listing," recalled Passenger Rosina Summerfield. "It continued to fall over until it was completely flat on its side. The people were screaming."

As the vessel rolled over, hundreds of passengers were hurled about interior waiting rooms, restaurants, bars and duty-free shops. "We were trying to find things to hang on to," said Maureen Bennett of Sussex. "It was so frightening." Said Clifford Byrnes of Coventry: "It all happened in a minute. Glasses started sliding on the tops of tables and then smashing. People began falling down. You could see the water through the portholes. Then the lights went out. Everyone started shouting."

The ferry capsized so suddenly that the crew did not even have time to send out an SOS. Crewmen from a nearby dredging tug sounded the alarm, then scrambled aboard the upturned starboard side of the disabled *Herald*. They hacked holes through the double-glazed porthole windows and began lowering ropes to pull passengers out of the maw of inner compartments, which were quickly filling with ice-cold sea water. A flotilla of small boats soon surrounded

the upended ship, and seamen searched for passengers who had been hurled into the water from open upper decks. Susan Hames of Coventry, who was pitched overboard, said a little girl was in the water with her. The terrified youngster cried, "I'm going to die, and I've been ever such a good girl. I've never told any lies." The girl survived.

Within the first hours of the accident, more than 400 passengers and crew members were pulled to safety in an exceptional rescue operation. The bodies of 51 people were recovered, but 84 others are missing and presumed dead. The toll made the mishap the worst peacetime



Rescue workers with disaster victims

A terrified girl cried, "I don't want to die."

ship disaster in the history of English Channel shipping.

For the first couple of hours of the frantic rescue effort, officials held out hope that passengers might still be alive in air pockets inside the vessel. But doctors pointed out that potentially deadly hypothermia sets in soon after submersion in icy water, and by the time the rescue operation was suspended early Saturday morning, no real hope remained for those who had not been found.

Survivors told tales of heroism and almost miraculous rescues. William Cardwell was trapped on an upper deck when he saw a man carrying a baby to safety. "I saw one man climbing up seats with a small baby in his teeth," he recounted. "It was unbelievable." Cardwell had been trying to break through a window to escape when the man with the baby came up along with two other children. "It was pitch dark and freezing cold," he said. "We took turns rubbing the baby to keep it warm." Finally a helicopter dropped them a line, pulled up the man and child and took them to the hospital.

Dovens of ambulances, their blue lights flashing, lined up at the quays nearest the ferry, waiting for survivors to be pulled out. The injured were transported to nearby hospitals, some in critical condition. There they were consoled by Belgian Prime Minister Wilfried Martens, Belgian King Baudouin and Queen Fabiola and, on Saturday, by British Prime Minister Margaret Thatcher, who helicoptered to Zeebrugge. Said she: "The rescue effort was highly professional, skillful and very, very courageous."

Trying to figure out what had happened, officials speculated that the 7,951-ton ferry, which was built in 1980, struck the Zeebrugge harbor wall or a sandbar as it made its way out of the port. But surviving passengers did not report feeling any sudden impact. Whatever happened, the bow doors of the cavernous vehicle deck, which was holding 88 cars and 36 trucks, suddenly swung open. The car deck flooded, causing the vessel to tip over. Peter Ford, managing director at Townsend Thoresen, the British company that owns the *Herald of Free Enterprise*, acknowledged that "somehow the doors burst open and the water rushed in."

Some 250 giant ferries carry cargo and passengers between the British coast and half a dozen ports in France, Belgium and Holland. The vessels have sometimes been criticized by safety experts, who say that the open holding bays for cars and trucks make the ships very unstable if they are flooded. Before the *Herald* disaster, there had been six ferry accidents in the English Channel region in the past five years, causing ten deaths. But British Shipping Minister Lord Brabazon insisted that the "ferries have a very good safety record. There are more than 200 crossings every day with very, very few accidents." Cold comfort indeed for those aboard the doomed *Herald*.

By Michael S. Serrill,
Reported by Christopher Ogden/London and B.J. Phillips/Zeebrugge

World Notes



A bridge built with blood and agony: the shrine could become an amusement park

THAILAND

Carousels on The River Kwai

Jungle vines long ago began to reclaim the railway leading to the famous bridge on the River Kwai that the Japanese brutally built with Allied POWs and Asian laborers during World War II. Today the Burma-Thailand railway, whose bridge inspired a book and movie, is patronized mostly by Westerners visiting the graves of soldiers who worked on it. Hoping to tap such tourism, Thai entrepreneurs propose a \$38.5 million reconstruction to turn the decaying area into an amusement park. Survivors of the bloody trail are not amused, however, and compare the idea to refurbishing Auschwitz as a Disneyland. The Japanese would also prefer to let River Kwai ghosts rest; they turned down Thai requests that they invest in the project.

DIPLOMACY

Tales of the South Pacific

Soviet Foreign Minister Eduard Shevardnadze last week became the first top Soviet diplomat to visit Thailand, Australia and Indonesia in 25 years. The foray was another step in Mikhail Gorbachev's policy, announced last July in Vladivos-

tok, of making the Soviet Union a major political and economic force in the Pacific.

In Australia, Shevardnadze sought to remove "reefs of apprehension and suspicion" about Soviet activity in the South Pacific by insisting that his country seeks only normal diplomatic and commercial relations. Despite his avowed desire for peace and stability, Southeast Asian nations expressed concern over Soviet support of Hanoi, which invaded Kampuchea in 1978. The six-member Association of Southeast Asian Nations backs the anti-Vietnamese coalition of Kampuchean guerrillas.

The most sensitive stop on Shevardnadze's mission was Indonesia. More than 100,000 Communists were killed in 1965 by forces led by General Suharto, then the top military commander, after an attempted Communist coup. The Communist Party is still banned in the country. One senior Indonesian diplomat noted the wariness: "We are aware that the Soviets never give up in their goals to widen their influence. Therefore we will be cautious."

LIBYA

The Flight Into Egypt

Relations between Egypt and its unruly neighbor Libya are not the best. Just last month Egyptian President Hosni Mu-

barak said he would shake the hand of Libyan Leader Muammar Gaddafi only if it were "not booby-trapped." Last week relations got worse when five Libyan air-force men flew their American-built C-130 military cargo plane to Abu Simbel in southern Egypt and requested political asylum.

The plane, which reportedly had ferried food and other supplies to Libyan forces in Chad, is one of eight American-built carriers Libya bought before Gaddafi expelled U.S. forces in 1970. Libyan radio claimed bad weather had forced the plane down and warned Egypt to return it. Meanwhile Egypt, chary of Libyan troublemakers, withheld a decision on three of the airmen and granted asylum to two of them.

ITALY

Ciao to a Brief Stability

Palazzo Chigi, the Renaissance building where Italy's Prime Minister works, is swathed in green netting while workmen repair its deteriorating facade. Last week the government inside was also crumbling. Citing deep rifts in his five-party coalition, Socialist Bettino Craxi resigned as Prime Minister after 3½ years, ending Italy's longest postwar government.

Craxi's most probable successor is Christian Democrat



Topped: Andreotti watches Craxi deliver his resignation speech

Giulio Andreotti, who has already been Prime Minister five times. An Andreotti government, though, may be short-lived. Many Italians expect that elections will be held earlier than the June 1988 date now scheduled.

CHINA

Misery Hates Company

In recent months China has appeared to pull back on its economic and political reforms, prompting China watchers to question whether Leader Deng Xiaoping, 82, is still in charge. Secretary of State George Shultz flew into the Middle Kingdom to see for himself during a ten-day Asian trip and found the Chinese bent on convincing him that only the pace of reform had slowed. At one point, however, Deng showed that the best defense was a good offense. He tweaked Shultz by alluding to Irancon and the Tower report, saying, "By engaging in politics and by running the government, one has to meet with some troubles and difficulties. We have also had a similar case." Shultz insisted that Reagan had smoothed his "rough patch" by "dealing with it swiftly."

Laughing heartily, Deng said, "As regards the troubles here, they're almost finished, but maybe it will take years. They existed for a long time."

Economy & Business

A Norwegian tanker delivers a shipment of crude for the Strategic Petroleum Reserve, a vital hedge against shortages

Enjoy Now, Pay Later

As oil imports rise and output falls, the U.S. may face a future shock

To everyone who has bitter memories of the oil shocks of the 1970s, when the Organization of Petroleum Exporting Countries drove oil prices to intolerable heights, today's bargain-basement values seem like sweet vengeance indeed. The U.S. has learned once again to love cheap energy, and why not? Gasoline and home-heating fuels are in plentiful supply. Inexpensive oil helped keep inflation last year at its lowest level in 25 years, sent interest rates to nine-year troughs and aided in sustaining a four-year-old economic expansion.

But the thrill of cheap energy may prove perilously intoxicating. As U.S. energy consumption increases, imports are reaching alarming levels. At the same time, depressed oil prices have caused U.S. petroleum production and exploration to dwindle dangerously. This means, experts caution, that America is setting a time bomb. The scary possibility is that by the mid-1990s, as the U.S. becomes dependent on foreign oil for more and more of its consumption, OPEC could suddenly and steeply raise prices, throwing the economy into chaos. Warns Interior Secretary Donald Hodel: "OPEC is being placed back in the driver's seat. The U.S. is being set up for a major oil-price shock."

Hodel is not the only Government official expressing concern. Next week the Department of Energy will release a 400-

page report that will examine America's vulnerability to another major energy crisis. National Security Adviser Frank Carlucci will assess the possible security threat posed by a weakened U.S. petroleum industry. At stake also is the stability of Europe and the rest of the oil-consuming world. Since oil is traded in one global market, rising U.S. imports could create a worldwide crunch.

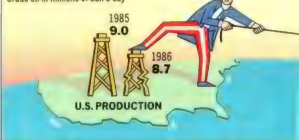
These days, though, tales of future shocks seem like distant fantasies. OPEC remains a cartel held together by the loosest of links. Three months ago the group agreed to cut production by 7%, to 15.8 million bbl a day, and prices later jumped by about \$4, to more than \$19 per bbl. But OPEC's continued weakness soon surfaced. Last month certain members were reported to be cheating on the cartel's production accord, and prices fell below \$15 per bbl. Even as Saudi Arabia worked last week to keep the production agreement intact, causing prices to rise about \$2, to \$18 per bbl, many traders doubted that the pact would ultimately stick. Few OPEC watchers believe that the cartel will be able to push prices higher than \$20 per bbl in the next two years. Still, OPEC is expect-

ed to regain its strength sooner or later, and the U.S. is doing little to defend itself against a revitalized cartel. American oil production, which had held fairly steady since the late 1970s, declined last year. Total output fell by 3%, or 300,000 bbl a day. The Department of Energy projects that U.S. oil production will fall by an additional 440,000 bbl a day through 1987.

As domestic production faltered last year, imports rose by 900,000 bbl a day, a 28% increase. The U.S. now depends on foreign producers for 38% of its supplies. In 1973, when oil prices surged in the wake of the Arab embargo against the U.S., Americans relied on foreign producers for 35% of their oil. As in the halcyon days of the 1960s, Americans believe they ought to be able to buy big cars if they feel

PUMPING LESS...

Crude oil in millions of bbl. a day



like it or turn up the thermostat at every chill.

For the moment the worldwide oil glut enables the American public to indulge its taste for imported energy without driving up prices. Excess capacity totals some 12 million bbl. a day, about 75% of which can be found in the Middle East. But the glut may vanish within five years, as growth in non-Communist economies soaks up the surplus. Says Daniel Yergin, president of Cambridge Energy Research Associates, a Massachusetts-based consulting firm: "We expect the world oil market to look radically different in the early 1990s."

One striking difference will be the falloff in British oil production from the North Sea. Last year 2.56 million bbl. a day were produced. By 1992 the output is expected to drop below 1.7 million bbl. a day, making Britain a net importer of oil for the first time since 1980. While Mexico's reserves should last well into the 21st century, its production is expected to stay flat for the next few years. Because of the shaky state of the Mexican economy, Pemex, the state-owned oil company, will probably be unable to make the investments needed to bolster oil production.

When the glut is gone, OPEC will be a formidable force again. Predicts Dallas Energy Consultant Ed Vetter: "Once the OPEC countries got us backed into a corner, they could raise their price with impunity and we would have no way to respond." A recent report by the National Petroleum Council, an industry group that advises the Department of Energy, asserts that by 1990 OPEC will be producing at 80% of its capacity, as compared with 66% today. Historically, whenever OPEC has reached the 80% threshold, it has succeeded in imposing—and sustaining—oil-price hikes. The report estimates that the U.S. could be dependent on foreign supplies for 60% of its consumption by as early as 1995.

Of course, since energy forecasting is often as accurate as gazing into a crystal ball, the National Petroleum Council report could turn out to be wrong. A more optimistic outlook is offered by the Energy Information Administration, a divi-



Searching for reserves on the North Slope of Alaska
Investment in exploration has fallen dramatically.

sion of the Department of Energy. It estimates that oil will sell for less than \$20 per bbl. for the next five years and that not until the year 2000 will the U.S. be dependent on foreign supplies for about 55% of its consumption.

Whenever the moment of truth arrives, it would seem, the beleaguered U.S. petroleum industry will be in no position to respond to a resurgent OPEC. Fully 75% of all U.S. drilling rigs now stand idle. A total of 806 rigs are currently operating in the U.S., down from 4,530 in 1981. The oil is there for the taking, of course, but it is simply too expensive to get out of the ground. While Middle East producers can find and lift a new barrel of oil for about \$1, U.S. companies spend an average of more than \$17.

Investment in exploration has fallen dramatically. Last year oil firms spent an estimated \$16 billion in exploration and production, down from \$33 billion in 1985. Says L. Frank Pitts, head of Dallas-based Pitts Oil: "Our industry is being dismantled at a rapid rate."

That is a trend that may not be easily reversed. Rigs are being taken apart and sold for scrap. Stripper wells, which produce less than 10 bbl. of oil a day, are getting plugged up. Once a stripper well is closed, it becomes as expensive to reopen as it is to drill a new well. Petroleum engineers are abandoning the industry, and college graduates are avoiding careers in oil. Meanwhile, alternative sources of energy, such as solar heating and synfuels, are not being

developed rapidly because of their high cost.

How can a new energy crisis be avoided? One controversial proposal is for the Government to impose an oil import fee. By making energy more expensive, such a surcharge would cut down on consumption. One industry study estimates that the surcharge would trim imports by 26% by 1990. It would have the added salutary effect of raising federal revenues and reducing the budget deficit. On the other hand, higher oil prices would hurt energy-intensive industries like petrochemicals, making them less competitive in world markets.

Another way to strengthen the U.S. energy industry would be to open up more federal lands to oil exploration. Interior Secretary Hodel is eager to develop part of the 19 million-acre Arctic National Wildlife Refuge in Alaska. On the refuge is a 1.5 million-acre plain that may contain the largest untapped onshore oil reserves in the U.S. Says Hodel: "If we close this off, it would be like putting up

a sign saying 'We're incapable of helping ourselves.'" Hodel also wants to allow drilling off the coast of California. Environmentalists oppose both proposals, offering the argument that oil drilling would endanger wildlife.

Many energy experts favor bolstering the Strategic Petroleum Reserve. It was established in 1975, when the Government decided to set aside supplies of oil to prepare for a shortage. The reserve contains 515 million bbl. of oil, located in huge salt caverns along the Gulf Coast of Louisiana and Texas. Those supplies represent about 100 days' worth of imports. While the original goal was to put 750 million bbl. in the reserve, some experts believe the target should be raised to 2.5 billion bbl. The Reagan Administration, though, has proposed slashing the rate at which the reserve is filled, from 75,000 to 35,000 bbl. a day. Cutting back on oil purchases would reduce federal expenditures, a relatively painless way to trim the budget deficit, Adam Sieminski, an energy expert at the Washington Analysis group, says such a policy reflects a "clear case of myopia."

The national debate over how the U.S. can best stave off a future energy crisis is just beginning. Peter Beutel, an analyst with Elders Futures, a major Wall Street oil-trading firm, believes that despite America's current infatuation with cheap oil, most people can readily recall what it means to suffer through an energy shortage. Says Beutel: "We were caught napping twice. We would have to be extraordinarily foolish to fall into the same trap again." Maybe so. This much is certain: the oil shocks of the 1970s came as a complete surprise. The next one will not.

—By Barbara Rudolph.

Reported by Jay Branagan/Washington and Raji Samghabadi/New York

...BUYING MORE

1985 3.2 1986 4.1

IMPORTS

TIME Chart by Cynthia Davis

Economy & Business

They Honk When The Krohs Fly By

A major developer succumbs to the rough times in real estate

For 77 years, the name Kroh stood for quality and reliability in the real estate industry. Kansas City-based Kroh Brothers Development built homes, shopping centers and office buildings from California to Florida. Along the way, it attracted such blue-chip investors in its projects as Arthur Levitt, the chairman of the American Stock Exchange, and the Hall family of Hallmark greeting-card fame. But in the past few months, Kroh has virtually collapsed.



Brothers John and George agreed to resign
"They stopped watching the cash register."

Beset by lawsuits and shunned by wary lenders, the company is now struggling to reorganize under Chapter 11 provisions of the bankruptcy law. The brothers who ran the firm for 18 years—John Kroh Jr., 46, and George Kroh, 49—have resigned, and a battalion of lawyers is trying to sort out the company's obligations to more than 2,000 creditors.

That scene may become painfully familiar in the months ahead as other developers find themselves stretched too thin to adjust to the new tax law. The National Realty Committee, which represents some 300 big U.S. developers, estimates that the changes required by tax reform will cost the real estate industry as much as \$50 billion during the next five years. Under the old tax rules, real estate investors could shelter salary and other income with losses generated by limited partnerships. Kroh relied on such partnerships for as much as 20% of its capital, or some \$20 million a year. Money was thus readily available for construction of shopping centers and of-

fice buildings that might not turn a profit. The funds helped Kroh and other firms maintain a healthy cash flow even when they were not making money.

By severely restricting real estate shelters, tax reform has drained that important source of money for the industry. In troubled markets, such as the farm belt and the oil patch, the changes have added to the pressure on shaky developers. Two weeks ago Dallas-based Vantage Companies, the seventh largest U.S. developer, notified its creditors of plans to delay some loan payments and restructure as much as \$1 billion in debts. Last week Austin-based Nash Phillips Copus, the seventh largest U.S. builder of single-family homes, put itself into Chapter 11 proceedings.

The saga of the Kroh brothers shows how fast fortunes can turn in the real estate business. During the past five years, they had nearly tripled their firm's holdings, from 5.3 million sq. ft. of property to 14.3 million sq. ft. The company was transformed from a family-run Kansas City operation into a national firm with 458 employees, assets of \$197.4 million and investments in 13 states. Credit came easily: recognizing the company's record of success, banks extended Kroh Development \$39 million in unsecured loans.

In that heady atmosphere, the Krohs became involved in a tangle of overlapping partnerships and took on mortgages and other liabilities that no one fully grasped. Donald Jones, a longtime Kroh senior executive who is now president of the firm, recalls that company officials were often stunned when obligations they had not known about came due. Says a bitter John Kroh Sr., 82, who retired as head of the company in 1969 and handed over control to Sons John and George: "They just stopped watching the cash register."

By last December, Kroh Development was \$850 million in debt, work in four states was stalled, and the firm was facing dozens of lawsuits from lenders, partners, subcontractors and tenants. Bumper stickers appeared in Kansas City reading HONK IF YOU'VE BEEN KROHED. After the firm's lenders refused to extend more credit, the brothers agreed to let Jones head the company.

In two months of restructuring, the company has pulled out of 75 projects, liquidated \$650 million in debts and reduced its payroll by more than 80%. As Jones works to save a few of the firm's 47 remaining properties, he still occupies a handsome suite of offices in Kroh's five-story headquarters building on Ward Parkway. But on the chair in which he sits is a little white tag that reads PROPERTY TEXTRON FINANCIAL CORPORATION, IRVINE, CALIFORNIA. That chair, along with nearly every other piece of furniture in Kroh headquarters, is leased, and must be returned to Textron unless the Kansas City company can pay up its outstanding balance soon.

*By Janice Castro.
Reported by Barbara Dolan/Kansas City*

A New Band of Tribal Tycoons

With some help from financial wizards, Indians learn to invest

The renovated Victorian warehouse in the Old Port section of Portland, Me., seems an unlikely setting for an investment firm. Instead of having spacious wood-paneled boardrooms adorned with portraits of famous financiers, the modest offices of Tribal Assets Management feature bare brick walls lined with photographs of Indian chiefs in full headgear. But when Tribal Assets speaks, the Passamaquoddy, Chippewa and Cherokee tribes listen. The company has handled invest-



Penobscots in their audiocassette plant
Bringing Wall Street to the reservation.

ments worth \$250 million for Indians across the U.S., bringing Wall Street wizardry to the world of tribal finance.

Such expertise is badly needed. A large number of American Indians still live under depressed conditions, and unemployment on some reservations runs as high as 60%. In recent years, though, several tribes have won multimillion-dollar settlements of long-standing claims against the U.S. and state governments for illegally seizing land. Most tribes shared the settlements among their members, but a few frugal, forward-looking chiefs sought more profitable ways to spend their people's windfalls.

That is where Tribal Assets comes into the picture. The idea for the 3½-year-old firm came from Thomas Tureen, 42, a graduate of Princeton College and George Washington University Law School, who took up the cause of Indian rights. In a ten-year court fight on behalf of the 4,200 members of Maine's Passamaquoddy and Penobscot tribes, he won an \$81.5 million

Life Insurance Rankings

Company	Average Yearly Payment	Average Yearly Difference	Surrender Cost Index	Interest Adjusted Payment Index
Northwestern Mutual Life	1	1	1	1
Connecticut Mutual	14	17	16	18
Equitable	46	39	37	44
Massachusetts Mutual	7	3	4	11
Metropolitan	56	34	53	62
New England Mutual	22	23	23	29
New York Life	25	26	29	25
Phoenix Mutual	29	5	10	37
Prudential	42	25	32	41

Source: Best's Review, December 1986

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Economy & Business

land-claim settlement in 1980. The Indians then asked him to become their financial adviser. Recalls Penobscot Chief Timothy Love: "We just did not want to dissipate all our money the way some other Indians have with their settlements."

Under Tureen's guidance, the Maine Indians used a third of their settlement to repurchase 300,000 acres of lost forest land. Another third was put into a trust and now provides each Passamaquoddy and Penobscot household with a \$1,000 to \$1,200 annuity. To help the Indians invest the remaining \$27 million, Tureen set up Tribal Assets in partnership with Daniel Zilkha, 44, a Princeton friend and former Wall Street investment banker. Because of Zilkha's connections in the financial community, says Tureen, "we had access to capital markets in a way that Indians would never have had on their own." Says Zilkha: "These tribes were sitting on one of the largest pools of private investment capital in Maine. They were a potential conglomerate."

Their first investment was \$2 million to acquire a local 5,000-acre blueberry farm. Its products are now sold under the Native American Foods label in New York City gourmet shops. After the farm venture, the Indians bought other enterprises on or near their reservations, including two radio stations, an ice-skating arena, a fish-processing plant and factories that turn out audiocassettes and prefabricated homes.

Their biggest investment, though, was off the reservation. With an assist from Tribal Assets, the Passamaquoddy paid \$16 million for New England's largest cement factory, the Dragon Cement plant in Thomaston, Me. Explains Zilkha: "The Indians want to upgrade their position in society as well as make money." One of their proudest moments came when a group of them toured their new factory. Says former Passamaquoddy Council Chairman John Stevens: "We almost couldn't believe the huge buildings. So many people working for us, calling us 'sir.' It was overwhelming."

The success of the Maine Indians has impressed other Indian tribes. In the past two years Tureen has spoken before more than 15 tribal councils, sometimes arriving for powwows in his Beechcraft Bonanza plane. In 1985 Tribal Assets helped the Lac du Flambeau Chippewa Band in Wisconsin buy Simpson Electric for \$23.7 million. Another client is the Eastern Band of Cherokees, whose 6,400 members live amid the green peaks of North Carolina's Great Smoky Mountains. Last September Tureen and Zilkha helped the Cherokees buy Carolina Mirror with \$1.5 million of their own money and \$32 million raised through issuing bonds on Wall Street. The takeover was not hostile. The Cherokees may once have been a fierce tribe, but neither they nor Tribal Assets is yet ready to become a corporate raider.

—By Frederick Ungeheuer/Portland



What Am I Bid for This Fine Quota?

Auctioning off import rights could boost Government revenues

While Detroit's automakers have been aided by six years of quotas on imported Japanese cars, guess who else has benefited handsomely? Answer: the very rivals that the quotas sought to curb. The trade limits created a shortage of Japanese autos in U.S. showrooms, thus enabling their makers to raise prices and boost their revenues by as much as \$2 billion a year. That extra profit, which came out of the pockets of U.S. consumers, gave the Japanese automakers even more money for research to improve their competitive position against Detroit.

This unsettling phenomenon is by no means unique to the auto industry. It is occurring more and more as the U.S. persuades foreign countries to accept import limits on textiles, machine tools, sugar, meat and carbon steel, among other items. As pressure for more trade legislation builds this year in Congress, a growing number of economists and legislators have concluded that there must be a better way to run a quota system.

One idea that shows particular promise is the concept of auctioned quotas. Rather than just giving away the import allowances, proponents ask, why not sell off the quotas to the highest bidders? Under the current system the U.S. leaves it to foreign governments to decide how quotas should be apportioned among their companies, which pay no money for the exporting privileges. But under an auction plan, the U.S.-based companies that import the products would bid directly to the Federal Government for a share of the quota, bringing a whole new source of income to the U.S. Treasury.

The Government could use the proceeds to put a noticeable dent in the federal budget. Quota auctions might bring in revenues as high as \$7 billion a year, ac-

cording to C. Fred Bergsten, director of the Institute for International Economics, a Washington research organization. Some of the money could be used to help modernize the beleaguered U.S. industries that the quotas were designed to protect, which might reduce the need for further trade limits.

The concept appears to be gaining momentum. Montana Democrat Max Baucus plans to introduce, possibly this week, a Senate bill proposing that auctions be tried out in the next three cases in which the U.S. imposes temporary quotas. Many economists, most of whom reject protectionism in general, see quotas as sometimes inevitable and thus regard the auction system as a way for the U.S. to get maximum benefit from them.

Yet the auctioning of quotas has been put into effect by only two countries, Australia and New Zealand. It could create potential complications for a trading nation as large as the U.S. Many U.S.-based importers and retailers believe that auctions could disrupt their steady supply of foreign goods. But advocates of the idea predict that an active secondary market for so-called quota tickets would quickly develop, so that bidders who wound up with excess quota allowances could sell their tickets to others who come up short.

So far the Reagan Administration has opposed the concept of mandatory auctions. One reason: foreign governments may become less willing to agree to quotas with the U.S., since the Government would be reaping the excess profits that foreign companies once took home. But in the minds of many politicians on Capitol Hill, that windfall revenue is precisely what makes the auction idea so alluring.

—By Stephen Koop

Reported by Gisela Bolte/Washington

“All the quality claims from here to Tokyo can’t stand up to 6 simple words: 7 years or 70 thousand miles.”

Lee A. Iacocca



Quality. It's what every car buyer values most. No wonder it's what every car builder talks about most. But talking quality is one thing. Backing it is another.

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Ford and GM have improved their warranties, and that's fine with us. The competition is good for America. But nobody covers every car and truck the way we do, and never has.

And millions of Americans are driving Japanese imports with only two- or three-year protection. Their car companies have plenty to say about quality. But where's the warranty behind the words?

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*Compare limited powertrain warranties of competitively priced vehicles. See warranty at dealer. Restrictions apply.



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Business Notes



Unveiling Form W-4A: less precision and less hassle



Brunei's ruler minds his millions



Senator Danforth checks out a floating tax shelter

TAXES

Just Tell Me Where to Sign

Even the Internal Revenue Service sometimes admits mistakes. Bowing to public indignation over the maddeningly complex W-4 form it introduced in November, the IRS last week unveiled a simpler version. The bewildering four pages of questions and instructions in the original have been reduced to two. Further minor changes are being discussed with the Office of Management and Budget, and the new form, called W-4A, is expected to be made final this week. Said IRS Commissioner Lawrence Gibbs: "We misjudged the willingness and capacity of many taxpayers to handle the additional complexity."

The W-4, which employers use to determine how much tax should be withheld from paychecks, had to be revised this year because of the tax-reform law that took effect in January. Since the legislation disallowed many deductions, some households may have to have more tax withheld. Taxpayers can choose to fill out either the W-4 or the shorter W-4A, though 40% to 50% of employees have already completed the long form. Gibbs had a warning for taxpayers who intend to use W-4A: because it is less precise, many of them might have more money withheld than is necessary and have to file for a refund. For millions of

Americans, that may be a small enough price to pay to escape the tribulation of dealing with a four-page W-4.

EMPLOYMENT

The Mighty Yen Hits Home

In most countries an unemployment rate of only 3% would be nothing short of nirvana. But in Japan it is cause for national anguish and alarm. Because of continuing woes in such industries as steel and even autos, Japan has reached the 3% jobless level for the first time since it began keeping monthly employment statistics in 1953.

The most important cause of the trouble is the 17-month rise of the yen against the dollar, which has hurt Japanese exporters. In response, Prime Minister Yasuhiro Nakasone's proposed fiscal-1987 budget, calls for increased public spending and a one-year emergency program to develop jobs for 300,000 workers, or 16.5% of those who are unemployed.

AUTOS

Cure for a Sickly Stock

Since investors have lately lacked much confidence in General Motors, the company decided it was time for some

major self-promotion. In a dramatic act to demonstrate GM's belief that its stock is undervalued, Chairman Roger Smith said the firm would buy up to 20% of its shares by the end of 1990. At current prices that would cost more than \$5 billion, making the stock buyback the largest in corporate history. After the announcement, GM's stock spurted 3% points, to 79%, before falling back a bit to finish the week at 77%. The decision also sparked a general stock market rally, which sent the Dow Jones industrial average up 53.71 points to a record 2280.23. But the euphoria will soon fade unless GM revs up its sputtering business. Its car and truck sales so far in 1987 are down 28.4% from the same period a year ago.

DEDUCTIONS

The Loophole For Portholes

Tax reform eliminated interest deductions on most forms of consumer credit except for loans on first and second homes, but the lawmakers left a large loophole for wealthy seafarers. Yacht owners can still treat their floating pleasure palaces as second homes if they contain a head and a galley (toilet and kitchen, to landlubbers) and sleeping facilities. Skippers can deduct the interest on loans used to buy their craft or obtain a yacht-equity

credit line to cover the purchase of, say, a Rolls-Royce. "Aristotle Onassis would have loved this," fumes Republican Senator John Danforth of Missouri, a member of the Senate Finance Committee. "If we have to make choices in the tax code," he asks, "why would we want to choose yacht ownership over paying for college education or medical expenses?" Danforth has introduced legislation to close the porthole loophole.

WEALTH

How a Sultan Pays His Bills

Billionaires may not need to carry change for the parking meter, but that does not mean they are totally out of touch with their money. The Sultan of Brunei, for one, is evidently not the sort to delegate bill paying to a cadre of briefcase-toting accountants. When he recently bought a Boeing 727 jet from financially strapped Arms Dealer Adnan Khashoggi, the Sultan stunned bankers on the scene at his palace by pulling out an ordinary checkbook in a tattered plastic folder. He proceeded to pen neatly a check for \$18 million, then slowly wrote down the check number, date and amount. That kind of careful record keeping may help the Sultan stretch his \$30 billion fortune a little further.



Tom Brokaw: now on top of the ratings, the network's best showing since Huntley-Brinkley



Dan Rather: trying to boost morale amid firings

Press

Days of Turbulence, Days of Change

Besieged by budget cuts and competitors, network news tries to keep pace

Television has always been a land of flux, a place where few programs last beyond two seasons and yesterday's top-rated star is today's trivia question. But for more than 30 years, all three networks have aired evening news shows that reach more people than any single newspaper or magazine. Turning on the TV set around dinnertime to watch the news has become a sort of flickering ritual that unifies much of the country for 30 minutes a day.

Now, however, the producers of the three broadcasts—CBS *Evening News* with Dan Rather, NBC *Nightly News* with Tom Brokaw and ABC's *World News Tonight* with Peter Jennings—fear they may be losing some of that hold. Besieged by budget cuts and competition, the news departments are going through a period of turmoil that is urgently forcing them to re-examine how they go about keeping Americans informed. Though most executives insist the quality of their flagship news programs will not be affected, many are not so sure. Says a CBS *Evening News* producer: "There comes a point when a worldwide newsgathering operation stops being a worldwide newsgathering operation."

Anxieties are running highest at CBS, where the sharpest knife is being wielded. Over the past 18 months, some 150 of the CBS News division's 1,400 employees have lost their jobs. In January, Chief Executive Officer Laurence Tisch asked News Presi-

dent Howard Stringer to cut up to \$50 million from this year's nearly \$300 million budget. Stringer presented a plan to Tisch last week that called for about \$30 million in savings. Within two days, he began firing more than 200 staffers, including about 20 of the division's 75 or so full-time correspondents. "We can survive it," says Rather, "but not happily."

As names of the casualties filtered through the division's headquarters on Manhattan's West 57th Street, a mixture of anger and shock gripped employees. Rather refused to help pick those who should be laid off, and an anonymous letter circulated through the building urging a walkout to protest the cutbacks—and to show support for the news writers, who struck CBS and ABC last week (NBC's employees belong to another union.) Negotiations for a new contract collapsed when the networks insisted on greater flexibility in firing workers and hiring more temporary employees; during the walkout, news scripts are being written by managers and producers on the broadcasts. Rather, Jennings and 85 other sympathetic employees signed a letter saying they were "appalled" by management's demands. Says a CBS producer: "I've been here a long time, and I've never seen morale this bad."

At ABC, which pared 200 from its news staff of 1,470 before Capital Cities Communications took control in early 1986 and eliminated 75 more positions last year,

News President Roone Arledge has ordered a re-examination of the division and its \$275 million budget. Arledge's request for suggestions has already claimed a victim: Av Westin, vice president for program development, who distributed to Capital Cities ABC executives an unpublished magazine article he wrote. Titled "Days of Penury, Days of Affluence," Westin's 18-page memo argued that ABC's producers were more efficient 18 years ago, when he produced the network's nightly news show and funds were scarcer, than they are today. Arledge, who interpreted the memo as a bid for his job, has temporarily relieved Westin of his duties, which include producing the newsmagazine show *20/20*.

At NBC, whose parent company, RCA, was bought by General Electric in June, News President Lawrence Grossman insists there are no plans to cut his \$230 million budget or 1,330-member staff. Nonetheless, NBC News has hired McKinsey & Co. management consultants to study the newsgathering operations, and rumors persist that next year will bring a 10% slash.

The budget pressures come at a time when the three networks are already contending with a growing challenge to their onetime dominance of international and national TV coverage. The competitors—Cable News Network, syndicated newsfeed services and local stations—all use the same satellite technology the networks do to bring live pictures from around the



and a second-place finish



Peter Jennings: his displacement by *Jeopardy!* in New York illustrates growing affiliate power

world. Though the number of people watching *Rather*, *Brokaw* and *Jennings* has remained steady at about 44 million, the networks' share of the overall audience has gradually declined. In 1980 the three broadcasts attracted 72% of the viewers; so far this season the proportion is 63%.

The straitened circumstances have only intensified the ratings war, in which a single point translates into \$19 million in advertising revenues a year. For nearly two decades *CBS Evening News* held the top slot, but it tumbled into second place during the last three months of 1986, when *Brokaw* narrowly beat *Rather* and *NBC* earned its first quarterly victory since the heady days of *Huntley* and *Brinkley* in 1967.* So far this year *Brokaw* has won six out of nine weeks.

Rather, *Brokaw* and *Jennings* compete directly in only 112 of the nation's 205 TV markets; in many instances affiliates have shifted the programs to make room for more profitable game shows. In December, for example, *WABC* in New York switched the *Jennings* broadcast from 7 p.m., where it finished third against *Rather* and *Brokaw*, to 6:30 and replaced it with *Jeopardy!* The popular game show beats the two news programs, thus allowing *WABC* to charge more for commercials in that time period. *World News Tonight* achieves better ratings at 6:30 than it did at 7, but *Jennings* complains, "I did not like the move at all. I want to compete head to head."

The assault on network news dates from 1980, when Ted Turner started *Cable News Network*. Based in Atlanta and available 24 hours a day, *CNN* reaches 38.5 million homes, or 44% of all U.S. households with TV sets. Though an average of only about 600,000 households

watch *CNN* daily, viewer levels are highest in the early evening. An even more serious threat to *Rather* and his rivals comes from news-feed services like *Conus Communications*, a Minneapolis-based cooperative that distributes footage via satellite. Founded in 1984, *Conus* comprises some 50 stations—network affiliates and independents—that operate as a sort of video wire service. Stations share stories by beaming them to *Conus* headquarters, which relays them to other members.

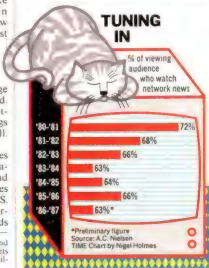
What makes *Conus* possible is the *Newstar*, a van equipped with an editing facility and a 90-inch satellite dish mounted on the rear. The \$210,000 vehicle has supplanted the helicopter as the most prized piece of technology in a station's newsgathering arsenal. At *WCVB*, the *ABC* affiliate in Boston, for example, *News Director* Phil Balboni has replaced the net-

work's Saturday-evening news show with an expanded local program that includes national and international coverage provided by *Conus* and other news services. Some stations have grown even more ambitious; more than a dozen sent their own anchors to Geneva in 1985 to cover the U.S.-Soviet summit via satellite.

Thus the evening shows increasingly try to distinguish themselves from local programs. "The syndication services are going to cover the snowfall in Colorado and the Amtrak train crash," says *Brokaw*. "We have to provide the context and look ahead."

The quest to be different can be rocky. In 1982 Van Gordon Sauter, then president of *CBS News*, turned the *Evening News* away from Washington and toward emotion-laden stories about how government policies affect citizens. But by 1985 the broadcast had softened too much into what one *CBS* correspondent calls "touchy-feely stuff." In May, when Tom Bettag became executive producer, *Rather* took him for a walk at the Cloisters, a museum of medieval art in upper Manhattan. "I told him I wanted the broadcast to be harder, to run more reports out of Washington," recalls *Rather*. The administration of the Washington bureau was beefed up, writers were instructed to avoid the cute prose that sometimes curdled *Rather's* delivery, and correspondents in the field were told, as one put it, "to make sure we do stories with the word today in them."

At *ABC*, *Jennings* stresses international news, a tactic that capitalizes on his 15 years of experience as a foreign correspondent. He professes not to feel pressured by his third-place finish, partly because he has steadily increased his audience. Yet ratings influenced the decision a year ago to run a segment every Friday called "Person of the Week," which profiles a key newsmaker. "We have a younger audience than the other two broadcasts, and they tend to go



**NBC* had a quarterly rating of 11.8, *CBS* 11.6 and *ABC* 10.6. That translates into 10.3 million sets tuned to *Brokaw*, 10.1 million to *Rather* and 9.2 million to *Jennings*.

out early Friday nights, missing the show," explains Executive Producer William Lord. The feature, which News President Arledge helped conceive, has indeed lured viewers, but Jennings found the promotional ads so embarrassing that he persuaded Arledge to drop them.

At NBC, News President Grossman added correspondents to the White House and Pentagon beats and emphasized the broadcast's "Special Segment," an investigative report or a background piece tied to the news that runs four or five minutes. Studies commissioned by NBC indicated that viewers thought Brokaw was the least experienced of the three anchors, so the network ran TV and newspaper ads that showed him meeting with world leaders. Sometimes, however, the line between news and show business blurs. Last year Brokaw interviewed President Reagan during the Super Bowl, and in January he delivered a news update from the Fiesta Bowl. "It is in my interest to do promotion," insists Brokaw. "No one is breaking away from the pack, so we are looking for every advantage we can get."

Over the past year, the three shows have shaved costs through shrewd management: satellite time is scheduled more carefully, control rooms are booked for fewer hours, and tape is sent by plane instead of satellite whenever possible. Network executives acknowledge, however, that budgets have grown so dramatically that only a redesign of the newsgathering operation will produce lasting savings (see

box). CBS News' budget, for example, totaled only \$89 million in 1978. "I approached this [budget-cutting] process as if we were starting CBS News from scratch," says Stringer, the division president. "It is an anxious time, but it is also an opportunity to apply a creative mind and rethink everything we do."

Cost consciousness has already had a subtle effect on coverage. Last year a CBS producer wanted to examine the impact of U.S. sugar quotas by focusing on a Caribbean country where the restrictive policies had forced some farmers to give up sugar production and turn to growing marijuana. After Bettag calculated that the story would take two weeks to film, he suggested the producer concentrate instead on how Washington's policies had bolstered sugar growers in Louisiana. "What the belt tightening affects are those stories that might be good but that we don't have to do," Bettag maintains.

Though some observers believe the evening news shows are in danger of extinction, most disagree. "Day in and day out, the local stations are not going to cover the events the network does," says William Small, who served as senior vice president of CBS News from 1974 to 1978 before holding the job of president of NBC News from 1979 to 1982. "If the Pope returns to Poland, a station in Chicago, which has a high Polish population, may cover it. But if something happens in Thailand, it's highly unlikely."

Many executives do acknowledge that the format needs to be rethought, partly because the three shows are so similar. ABC seems furthest ahead in this process. Paul Friedman, director of overseas news for *World News Tonight*, is currently in New York City revamping the program. If Arledge approves a major overhaul, it may be unveiled as early as May; if only minor changes are okayed, they will be introduced gradually. One plan calls for the program to begin with a quick rundown of the news, with Jennings narrating some of the film clips. Then the bulk of the show would be devoted to analysis, either a round-table discussion of the day's biggest news event or a lengthy filmed report by a top correspondent.

If audience share continues to decline, one or more of the networks could conceivably decide to drop anchor and have the correspondents introduce their own segments. Though that scenario is remote, there is an increasing sense at all three networks that nothing is sacrosanct about the nightly news show. Asked if he would still like to be anchoring the CBS *Evening News* five years from now, Rader, 55, answers quickly, "If God is good to me and with a little luck, yes." Ten years from now? Hesitation. "Gee. I don't know. It's a young person's game." On the chair next to him in his office is a small needle-point pillow with the saying ALWAYS IS NOT FOREVER.

—By James Kelly,
Reported by Mary Cronin/New York and Marc
Hequet/Minneapolis

News by the Numbers

When Henry Morton Stanley went to Africa to find Dr. Livingstone for the New York *Herald*, he may have carried no more than a note pad and a few supplies. In the electronic age, reporters backpack a heavier load. A network correspondent must lead a safari of a producer and camera and sound technicians. Each network spends up to \$10 million a year to maintain Washington offices, but even the smallest bureau can run up a \$500,000 annual tab. CBS spends nearly as much on Diane Sawyer's \$1.2 million contract as on the three bureaus it will be closing down—Warsaw, Bangkok and Seattle. But in a business where personalities win ratings and ratings bring profits, Sawyer wins in a walk.

Howard Stringer now must keep the network from losing in a limp. "This is a tough and tragic time for us," says the CBS News president. His tough job is to reverse the trend in soaring budgets, sparked a decade ago at all three networks by the lure of high-tech equipment and ABC News President Roone Arledge's U.S.F.L.-style raids on the competition. Sending the A team to sites of big stories is another hefty item: a weekend in Reykjavik cost each network around \$1 million. And in the days of affluence, says a former CBS executive, "Dan Rather used to go overseas with an entourage that would have made Cleopatra comfortable." Those days ended when new managements arrived at the networks.

Each network allots about a third to half its news budget for wages. Rather re-

portedly makes about \$2.5 million, Tom Brokaw \$1.8 million and Peter Jennings a relatively paltry \$900,000. The average annual salary for an experienced network correspondent is \$150,000; at CBS the pay ranges from \$90,000 to \$600,000. A typical camera person pulls in about \$43,000 before overtime. Junior producers, who accompany the reporter and help set up interviews and research the piece, earn between \$45,000 and \$75,000. Senior network producers, who also help write and edit stories, make from \$100,000 to \$150,000.

Stringer will eliminate the individual fiefdoms of the *Evening News*, *Morning News*, *Nightwatch* and the weekend news, and toss all staff members into a "net first" news pool. Producers, correspondents and technicians will be assigned to the next breaking story, no matter what its program destination; despite trepidations at *Evening News*, CBS executives insist the program will have first call on personnel. With this system, Stringer argues, "you can use all your resources at a single time. Everybody can charge when necessary."

There will be fewer "everybodies," though. As many as 35 of the division's 250 producers have been let go. The *Morning News*, a producer predicted, will become more like a newsreel, drawing many of its stories from overseas and affiliate bureaus, and will lose at least 20 of its 75 staffers. Stringer, hailed as the savior of CBS News when he took the job last September, wriggles in his role as the terminator. "Right now we're not thinking much about the outcome of the war," he says. "We're mostly thinking of the casualties."

—By Richard Corliss,
Reported by Naushad S. Mulla/New York



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Law

Handicap Rights

Even AIDS seems covered

The issue at hand was tuberculosis, but the question in many minds was AIDS. In a decision with important implications for employees and schoolchildren with serious illnesses, the U.S. Supreme Court last week ruled that a federal law against handicap discrimination can protect those with contagious diseases.

The 7-to-2 decision involved the case of Gene Arline, who in 1979 was dismissed as a third-grade teacher after she suffered her third flare-up of tuberculosis symptoms in two years. The school board in Nassau County, Fla., said it feared she could spread the disease. Bitter "after what they did to me," Arline sued, arguing that she was protected by the 1973 federal Rehabilitation Act, which prohibits discrimination against the handicapped by recipients of federal funds. The trouble was that the law made no specific mention of contagious diseases.

But last week the high court used sweeping language to rule that Arline's rights had been violated. Writing for the majority, Justice William Brennan held that Congress had passed the law "to ensure that handicapped individuals are not denied jobs or other benefits because of the prejudiced attitudes or the ignorance of others." In a dissent that was joined by Antonin Scalia, Chief Justice William Rehnquist said neither the language of the law nor the record of congressional discussion preceding its passage provided evidence that contagiousness was intended to fall within its definition of handicap. The majority of the Justices were convinced, however, that in amendments to the law the legislators had acknowledged that the "myths and fears about disability and disease are as handicapping as are the physical limitations that flow from actual impairment."

Employers may still dismiss someone who is incapable of doing work or who poses a significant risk of spreading disease. But, Brennan stressed, each individual case must be judged in the light of medical evidence that such a risk exists and a showing that safe alternative work cannot reasonably be found for the employee.

"The fact that some persons who have contagious diseases may pose a serious health threat to others," he wrote, "does not justify excluding from the coverage of the Act all persons with actual or perceived contagious diseases." Accordingly, he left it for a lower court to determine, for instance, whether Arline could safely re-enter the classroom or be assigned to a nonteaching job.

Sufferers from epilepsy, hemophilia and other conditions that often prompt discrimination were comforted by the



After a TB relapse, Arline was discharged

"Myths" are disabling too, said the Justices.

court's opinion. But it was AIDS patients who appeared to be the biggest winners, as the decision was a clear repudiation of the Justice Department's view on AIDS discrimination. The department had argued that an employer may discriminate against workers purely on the basis of fear that they could spread a disease, even if that fear is irrational. The court ruling mentions AIDS only in a footnote, in which it declines for now to decide whether carriers of the AIDS virus who do not actually have the disease might also be considered handicapped. But taken as a whole, the court's broad language strongly suggests that people who are suffering from AIDS will be able to use the handicap law as a protection against job discrimination. Assistant Attorney General Charles Cooper conceded as much, saying "the decision essentially rejected our analysis."

The implications of the high court's pronouncement were dramatized last week by a Louis Harris survey of 227 scientists. They predicted that more than 1,000,000 Americans will have developed AIDS by the year 2000 if no cure or vaccine is discovered before then. Courts and administrative agencies in about half the states have already decided that AIDS falls within the scope of state-level disability statutes. Last week's decision from the high bench sent a complementary message. "The message is of common sense in a time of crisis," proclaimed Thomas Stoddard, executive director of the Lambda Legal Defense and Education Fund, a gay-rights organization. "It is that people deserve individualized treatment, compassion and fairness."

—By Richard Lacayo.
Reported by Anne Constable/Washington

Religious Bias

A judge bans "humanist" texts

The First Amendment bans any governmental "establishment of religion." So, to avoid objections from school boards, textbook publishers have often purged mention of the religious underpinnings of events like Thanksgiving or of moral values involving such matters as teenage sex and divorce. The result is a temporal outlook that critics, particularly Christian Fundamentalists, contend has become a creed of its own, secular humanism. Last week U.S. District Judge W. Brevard Hand, who has previously indicated his sympathy for such arguments, banned 45 textbooks from Alabama public schools because they unconstitutionally promote "the religion of secular humanism."

Hand, concluding that the history, social studies and home-economics texts purvey man-centered views at the expense of belief in God, enjoined use of the books in any class except a "comparative-religion course that treats all religions equivalently." The next day school officials in Mobile called in the books, including the eleventh grade's sole history text.

The case grew indirectly out of a 1982 suit in which Hand upheld two Alabama laws promoting prayers in public schools. When his ruling was reversed on appeal, an undaunted Hand accommodated a group of parents and teachers who had intervened as defendants in the prayer dispute to proceed as plaintiffs in the textbook suit, advancing claims they had first raised in the earlier case. His ruling last week prompted hosannas from the religious right. "Humanism will no longer be guaranteed a preferred position in American education," exulted Robert Skoolrod, executive director of the National Legal Foundation, a group established by the television evangelist Pat Robertson that helped represent the plaintiff parents and teachers. "Humanism and its hidden agenda are now out of the closet."

Though civil libertarians had expected to lose in Hand's court, they were still stunned by the breadth of the ruling. Despite the likelihood of a reversal on appeal, Hand's decision "gives Fundamentalists a two-year supply of matches to remove what they disagree with," charges Anthony Podesta, president of People for the American Way, the liberal lobbying group that helped secure legal counsel for a group of parents who opposed the challenge to the books. "The judge has stood the First Amendment on its head."



Judge Hand

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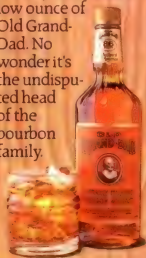


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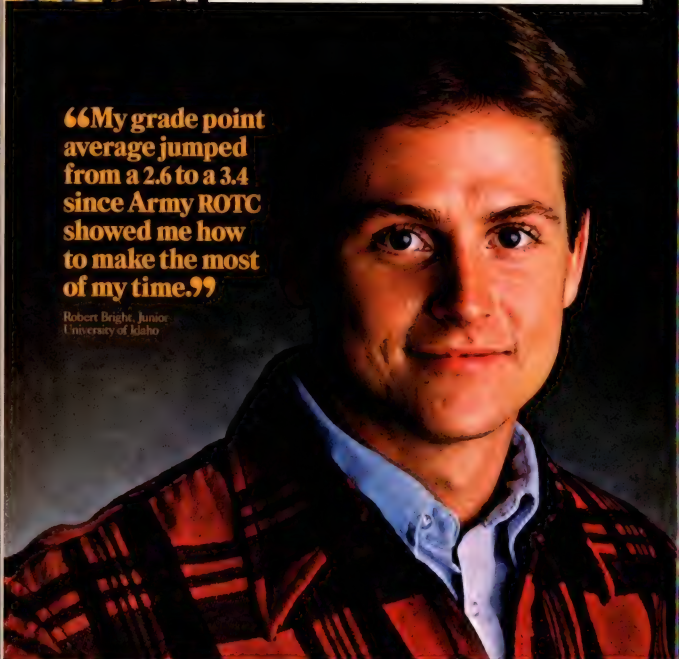
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Robert Bright, Junior
University of Idaho



Religion



Evangelist Swaggart preaches before 50,000 followers in San Salvador's Flor Blanca Stadium

Offering the Hope of Heaven

Jimmy Swaggart takes his Pentecostal fervor to Latin America

"I'm not going to promise you better times," roared the fiery American preacher as he prowled the stage with Bible held aloft, "but it doesn't matter, because you're going to a better place anyway!" To many of his eager listeners in a San Salvador stadium, the distant hope of heaven may have been at least momentarily alluring, beset as their nation has been by a seven-year guerrilla war and a moribund economy. When the preacher later assured them that "terrible times are coming," the applause of approving believers reached a thunderous peak.

The crowd pleaser onstage was Jimmy Swaggart, 51, the flashy Louisiana Pentecostalist who ranks as one of the top TV evangelists in the U.S. In recent years Swaggart has built a surprisingly large and significant following abroad, especially in Latin America. In January he packed the 80,000-seat National Stadium in Santiago, Chile. Last week he wound up a swing through the Central American nations of El Salvador and Costa Rica, and later this year will visit Brazil, Uruguay, Panama and Honduras.

At his three-day revival meeting in San José, Costa Rica, the 25,000-seat National Stadium overflowed with spectators for each of three meetings. In San Salvador, more than 50,000 people jammed Flor Blanca Stadium for each of Swaggart's three rallies. The free-admission programs presented Swaggart at his spell-binding best, even though the words of the non-Spanish-speaking minister had to be filtered through a translator. At the end of each sermon, thousands came forward to be saved. Typewriter Repairman Juan Pablo Campo, celebrating a previous

born-again commitment, noted, "I used to smoke, dance, drink and chase women. But since I converted less than a year ago, I have won a good battle with the devil."

As in the U.S., Swaggart's celebrity in Latin America is largely the creation of television. His hour-long weekly show is broadcast by 511 Latin American stations and draws more viewers than the program of any other U.S.-based TV evangelist. Among his devotees in San José was Rosario Orozco, 32, who said she often wakes up feeling sad, "but then the Lord tells me to turn on Jimmy Swaggart, and suddenly everything in life is precious." Swaggart is not only an orator whose incendiary style appeals to Latin Americans but a creditable gospel singer with a lively band. His proficient road crew lugs along 82 tons of equipment to record proceedings for future broadcasts.

Befitting his VIP status, Swaggart moves in lofty circles when he is abroad. In El Salvador, he met with President José Napoleón Duarte, who has confessed that he too watches the Swaggart TV show. In Chile, he met Dictator Augusto Pinochet and later urged his audience in

Santiago to "pray for General Pinochet and his beautiful wife." Swaggart usually avoids overt politicking in his Latin American sermons and disclaims partisanship. But the Rev. Jaime Wright, a U.S. Presbyterian working in Brazil, agreeing with Roman Catholic critics, charges that Swaggart and like-minded Evangelicals are giving "uncritical support" to oppressive right-wing regimes.

The Swaggart phenomenon is part of a wave of Protestant expansion across the traditionally Roman Catholic region. According to Brazil's Ecumenical News Agency, Latin American Protestants have increased in number from 12 million to 30 million since 1978. Most of them have joined Evangelical and Pentecostal groups rather than such older mainline denominations as the Presbyterians and Methodists. In El Salvador, Protestants claim 800,000 worshippers, more than double the number in 1980; in Costa Rica, they have increased by one-fifth, to 330,000, since 1983.

Catholic leaders are understandably concerned about this. Before Swaggart's San Salvador rallies, Auxiliary Bishop Gregorio Rosa Chávez warned about the advent of an unnamed "Evangelical preacher given to spectacles." Though most Evangelicals have toned down suggestions of anti-Catholicism, Swaggart's language is more adversarial than that of the bishop. The preacher has insisted that Catholicism is a "false cult" and "not a Christian religion." In Central America, however, he made only soothing references to "our Catholic friends."

While Latin American Catholicism struggles with problems like a serious clergy shortage, the Protestants are amply staffed and funded from the U.S. Swaggart says he has funneled \$8 million into El Salvador and Costa Rica alone for welfare and church aid.

Says Jesuit Father Jon Sobrino, an exponent of liberation theology: "The sects have taken advantage of the weaknesses of the Catholic Church, and the church doesn't know what to do." Asked to explain his impact across Latin America, Swaggart allows: "Problems, persecution, difficulties—these have always been catalysts that make people seek God. We put hope in people's hearts."

—By Richard N. Ostling.
Reported by Laura López/
San Salvador, with other
bureaus

Putting It Asunder

The 1.7 million-member United Church of Christ last week became the first U.S. Christian body to authorize ritual recognition for divorce. Along with its Communion, marriage and burial forms, the U.C.C.'s revised *Book of Worship* (prepared mainly to drop male-biased language) includes a five-page "Order for Recognition of the End of a Marriage." In the new rite, conducted after a civil divorce, the minister announces that a husband and wife have decided to dissolve their marriage "after much effort, pain and anger," and the once married couple then recite words of regret and respect.

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NISSAN

Computers

From Mozart to Megabytes

Compact discs now offer a symphony of knowledge too

Millions of music lovers have become addicted to the crisp, clear sound of the compact disc, which is rapidly replacing the records and cassette tapes in their collections. Now the CD seems destined to win the affection of computer buffs too. Inserted into a special disk drive connected to a personal computer, a single CD can deliver to the screen as much information as can be stored on 1,500 floppy disks. That is music to the ears of software manufacturers. Says Microsoft Chairman

used in bulletproof windows, the discs are engraved by laser beam, leaving microscopic "pits" and "lands" (flat areas) representing streams of binary digits. Each pit is no larger than a bacterium; some 2 billion fit on a 4.72-in. disc, laid down in a continuous spiral nearly three miles long. With this capacity, a single 4.72-in. disc can store up to 250,000 pages of text. And a CD surface area 6 ft. long and 6 ft. wide would be sufficient to store the words in every book ever written.

Book publishers were among the first to tap the CD's vast capacity. Two years ago, Grolier fit all 9 million words of its 20-volume *Academic American Encyclopedia* onto one-fifth of the surface of a single disc. Now some 130 different discs are available, including CD editions of such voluminous tomes as the *Oxford English Dictionary*, *Books in Print* and the *Reader's Guide to Periodical Literature*. The CD version of Census Bureau data enables anyone with a properly equipped personal computer to conduct demographic searches that once required a mainframe computer.

Despite their enormous potential, compact discs have some drawbacks. Unlike floppy disks, which can be erased and rerecorded at will, the compact discs now generally available are "read only" and cannot be altered outside the factory. Thus computer owners are unable to use the CDs to store their own data and programs or to alter those prerecorded on the disc. The same limitation affects software producers. Instead of updating its One Source disc of Wall Street data electronically, for example, Lotus must mail subscribers a new CD every week.

Price too has inhibited the spread of the discs. Computer CD drives cost about \$800, and software publishers are charging up to \$50,000 for CD versions of especially valuable data. But strangely enough, audio CDs may be coming to the rescue. Says David Davies of Minnesota's 3M company, which produces about half of the world's compact discs for computers: "Without the CD music market, data CDs would not exist. The hardware would be too expensive." The intense competition to produce music CDs, he explains, will spill over to the CD data field, forcing down the costs of both discs and their computer drives. Donald McLagan, a Lotus vice president, agrees. "Every time Bruce Springsteen and Stevie Wonder sell a compact disc," he says, "it's good news for the data side."

—By Philip Elmer-DeWitt.
Reported by Cristina Garcia/Seattle and Thomas McCarroll/New York



Gates with a discful of reference books

Familiar quotations at the flick of a key.

Bill Gates, who has spearheaded U.S. research in CD technology for computers: "The key is that the CD enables individuals to use a lot of information fast."

Microsoft underscored that point last week at an international CD conference in Seattle, where it introduced a \$295 compact disc called Bookshelf. The title is most appropriate. The disc contains digitized versions of ten popular reference volumes, including *Barlett's Familiar Quotations*, *Roget's Thesaurus*, the *World Almanac* and the *U.S. Zip Code Directory*. Equipped with a copy of Bookshelf, the special disk drive and a personal computer, a writer can have instant access to a wealth of reference material without interrupting word processing. With the push of a button, an individual can call up synonyms and quotations—which pop up in "windows" on the screen—and then, with another tap on the keyboard, insert them into the text.

The disc that stores music and data with equal ease is a technological marvel. Molded out of the same durable plastic

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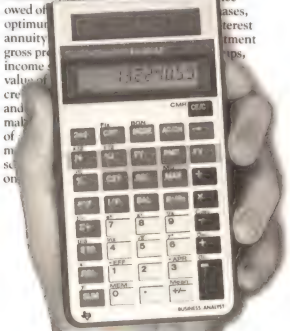
Ash. spring break. The traditional time to shed campus cares and haul hormones off for some sun and fun. But as the recess started last week at Vanderbilt University, one group of students was off in pursuit of more serious exertions. A score went to a Sioux reservation in South Dakota to do painting, tiling and light carpentry at a Y.M.C.A. center; a dozen arrived in Juárez, Mexico, to help build a "terrace-sioux" church to serve the poor; another twelve headed for Appalachia's "Valley of Despair" to plant fir trees and work on construction and furniture-building projects. Says Vanderbilt Senior Ethel Johnson, 21, who stayed in Nashville with another team sowing gardens, making curtains and teaching English in a community of Cambodian refugees: "Students are vastly underestimated. They have a real desire to get out there and do something to try to help and to have their eyes opened."

California, 40 Stanford volunteers took time out two weekends ago to paint an elementary school gym in East Menlo Park. In Boston, Wellesley undergrads tend to homeless women every night at Rosie's Place, a local shelter. At Northwestern in Evanston, Ill., volunteers have started an "adopt a grandparent" program to aid the elderly. Students at the University of Michigan in Ann Arbor help low-income people with tax returns.

Today's volunteers, however, are no throwback to the '60s activists. "It's not enough to say peace, love and happiness," notes Brown Sophomore David Graff, who worked in a storefront school in Harlem and is now a big brother to a youngster in Providence. "We need to be realistic about our expectations so we don't burn out." Linda Chisholm, co-director of the

For determining and analyzing: dealer cost, rates of return, mortgage payments, interest payments, annuity payments, future value of investments, gross profit margin, selling prices, markups, income, discounts, time payment schedules, value of assets, and more.

A black and white photograph of a hand holding a vintage handheld calculator. The calculator's LCD display shows the number '5.25'. The hand is positioned on the left side of the frame, with fingers wrapped around the device. The calculator has a grid of buttons and a small display screen at the top.



Partnership for Service Learning, an organization that has sent students to assist schools in Jamaica and Ecuador, explains. "They haven't decided who is right and who is wrong. And they aren't saying that others should change. They're saying, 'I'll change. I'll do it.'" The Peace Corps is enjoying an increase in applicants who are college graduates, and Spokeswoman Alixe Glen characterizes most of them as "realistic idealists."

Another difference: today's volunteerism is imbued with an '80s entrepreneurship and conservatism that include carefully defined goals and evaluation procedures. Schools such as Rice University and Georgetown have hired full-time service coordinators to foster student involvement and match volunteers with community agencies and projects. Networks have been established to pass along information. Campus Compact, started in 1985 by three university presidents, now comprises 259 colleges. COOI, Campus Outreach Opportunity League, run by a former Harvard volunteer, embraces 250 schools. Harvard's Phillips Brooks House Association, the nation's oldest college community-service organization, is a model of how unsoftheaded the approach now is. Students must not only dream up the projects (which now number 50) but write detailed proposals for how to fund



Vanderbilt volunteer gardens with Cambodians in Nashville

and operate them. Last week the city of Cambridge awarded a \$23,000 contract to the association, rather than other social service agencies, to run a 20-bed shelter for the homeless.

Many colleges give academic credit for public service. Some, like Brown and Harvard, provide fellowships. Educators and politicians have proposed offering other tangible rewards to volunteers.

many of whom are accumulating high tuition debts and feel pressure to earn wages. Rhode Island Democratic Senator Claiborne Pell will introduce a bill this month that would give ROTC-like tuition assistance to students doing community service. Thanks, say some, but no thanks. "Volunteerism should be selfless," explains M. Richard Rose, president of Rochester Institute of Technology. "Ideally you should be like the Lone Ranger. You do a good deed, then you leave a silver bullet and move on."

Making volunteer work mandatory sparks more controversy. Proposed legislation in California would require all four-year students enrolled in state schools or receiving state aid to devote time to community projects. But, argues Robert Pollack, dean of Columbia College in New York City, "required service is not service, it is servitude." Besides, say participants, the spirit of giving does not need that goad. The personal satisfaction, the real-world exposure, the "chance to give something back," as dozens of volunteers put it, is enough. "In class, we study the big questions," says Georgetown Student Elaine Rankin. "At the homeless shelter we live the big questions." —By Anastasia Toufexis. Reported by John E. Gallagher/New York and Melissa Ludtke/Boston

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People



Beefcake 101: Fairchild in session with cast members of *Campus Man*

She is extremely good at being bad, but **Morgan Fairchild** is perfectly willing to lighten up her image as a hubba-hubba heavy. In *Campus Man*, due next month, she plays the femme fatale less for keeps than for laughs.

"I liked being in a movie where I'm not killing or being killed," the actress reports. "I try to play my bitches very funny." The plot (a "high concept" sparked by a male undergraduate pinup calendar) casts her as the publisher of a *G.Q.*-style magazine who tries to lure a handsome college diving star into signing on as a fashion model. Fairchild's part did have its down side. "Other than the couch, I was the oldest one in the movie," she complains of her hunky co-stars. She did not fare a whole lot better as a goody-goody queen

in an upcoming adaptation of *Sleeping Beauty*. Says she: "Hair and cleavage, that's all they need me for." Really. It's enough to turn a girl back into the Wicked Bitch of the West.



Dynamic duo: Poitier and Phoenix in *Nikita*

Their career arcs could scarcely be more different: a youngster making his fifth movie in two years and a distinguished black actor returning to the screen after a decade

of mostly directing. But once on the set of *Little Nikita*, a thriller now filming in Los Angeles, **Sidney Poitier**, 60, and **River Phoenix**, 16, did not take long to find the only common denominator that really matters: talent. In the story, FBI Agent Poitier, who is pursuing a pair of Soviet spies, seeks the help of their teenage son, played by Phoenix. Poitier's reasons for his hiatus from acting are far from covert. "I wasn't offered anything I found stimulating enough to do," he explains. But this script "cracked from the beginning." So did his co-star. "The older heads like Brando were so spontaneous," says Poitier. "River is like that. He puts it together." Known particularly for his roles in *Stand By Me* and *The Mosquito Coast*, Phoenix is not so reflective. "I like to experience things," he says. "I want to play every character—but only once." That should keep him busy for at least a few more months.

For his 60th birthday later this month, Soviet Exile **Mstislav Rostropovich** had just one wish to be visited by his violinist sister **Veronika Leopoldovna Rostropovich**. The two had debuted in Moscow together when he was 8 and she 9%; and they had not seen each other for almost a decade. Last July the cellist-conductor wrote **Mikhail Gorbachev** and then asked his friend **Nancy Reagan** to have the subject mentioned at the Reykjavik summit. Something worked. Her two children had to remain behind, but last week Veronika and her husband **Mikhail Tomashevsky** arrived in the U.S. at Manhattan's Carnegie Hall, the two visitors joined Rostropovich's wife **Galina Vishnevskaya** and daughter **Olga** to hear him play. "This is the greatest possible birthday present I could hope for!" exclaimed Rostropovich, who hugged his

sister and brattishly kidded her about her weight. "It is twelve years since I have heard 'Slava,'" said Veronika of his performance with the Boston Symphony Orchestra. "And never was there an accompaniment like this." She meant the musicians; but perhaps it was the emotions as well.

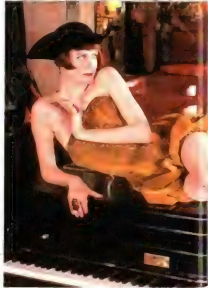
Her repertoire includes *Summertime* and *Bye Bye*



Torchy tot: Haddad delivering

Blackbird, but don't expect to hear **Emily Haddad** belting them out round midnight. The singer's recent SRO shows at the Gold Star Sardine Bar in Chicago began promptly at 7 and 8 p.m., giving her plenty of time to get home before bedtime. After all, even extra-talented five-year-olds need their beauty sleep. The pint-size chanteuse has been wowing the Windy City ever since a local radio station started airing

Bring on the night: Campbell striking a pose at



Family suite: Olga, Mikhail, Galina, "Slava" and Veronika

a homemade recording she did with her jazz guitarist father **Habib Haddad**. "My dad told me when you're sad, you sing the blues," she says. "And when you're happy, you can sing the blues." Haddad's sunny-sided approach to music appears to



Dandridge with 1945 memory

be paying off. Her parents are mulling over an invitation to appear on Joan Rivers' show, and an album deal may soon be in the offing. "I listen to **Ella** and **Sarah Vaughan**," says the scamp of scat. "But **Billie** is the best, because she takes holidays," she adds, laughing uproariously.

As **Ray Dandridge** listened to the news over the telephone, his wife grew worried. She had never seen him cry. Dandridge had just learned that he had been elected to baseball's Hall of Fame, the eleventh player admitted pri-

the hottest spot in the downtown universe



marily for his performance in the Negro Leagues, where he played in the 30s and 40s. "It was something I had given up on," he explains, "and now it's come true." The third baseman from Richmond was nicknamed "Squatty" for his bowlegs and 5-ft. 7-in. height. "They used to say," he recalls, "that a train could go through my legs but a baseball couldn't." He could use a bat too, and had a record 1945 batting streak, though he never did crack the majors. Now living quietly in Florida, he says, "I thought they had forgotten about me." He will not be forgotten again.

She made her claim to celluloid fame as Columbia, the motorcycle moll whose pathological boyfriend is a cutup. That, as all cult-movie fans know, was in 1975's *The Rocky Horror Picture Show*. Now **Nell Campbell** is back in the jaded limelight playing what is perhaps the best role of her life: herself. Since October the actress-singer-dancer has been the shining star of New York City's downtown social universe as the hostess and reigning soubrette of Nell's, the ultra-In nightclub of the nanosec. "Acting didn't prepare me for this job," she purrs. "Life did." Like her salon of the night, Campbell reeks of retro-chic, preferring Victorian cool to Saturday-night fever. While **Warren Beatty**, **Sting**, **Calvin Klein** and their ilk drape themselves over the posh overstuffed sofas, a jazz band sets a mood of "dilapidated elegance." Why Nell's? Why now? "I think people were ready for a place that offered a certain intimacy," she patiently explains. "Besides, I like to spoil and amuse people." And sometimes tickle patrons with *Zip*, the song about an intellectual stripper. "I'm neither," she smiles coquettishly. "But I aspire to both."

At the Blue Moon Detective Agency, reality is not always what it is cracked up to be, but last week it was the true-life adventures of *Moonlighting*'s **Cybill Shepherd** and **Bruce Willis** that were breaking the mold. The



Honeymoonlighting: Newlyweds Oppenheim and Shepherd at her home

announcement that Shepherd, 37, was expecting twins had barely sunk in before she up and married the father, Chiropractor **Bruce Oppenheim**, 38; they met two years ago when he treated her for back problems. The small ceremony, held last week at Shepherd's Los Angeles home, was itself right out of a *Moonlighting* epi-

in characteristically unique fashion. Willis, 31, took his own sort of plunge—on a skiing vacation at Sun Valley, Idaho—and broke his collarbone. The next time they see each other, David and Maddie are both going to have some explaining to do.



Pre-David: the master's touch?

sode. Forswearing traditional wedding attire, the couple donned Japanese kimonos: orange, gold and white for the bride, black for the groom, and pink for **Clementine**, 7. Shepherd's daughter from a previous marriage. "I don't think he expects me to walk ten paces behind him," she joked afterward. Meanwhile, greeting this news

The tiny, exquisite stucco sculpture of a muscular young man had been assumed lost or destroyed ever since a fire swept through the Palazzo Vecchio in Florence some 300 years ago. Then last May, University of Virginia Emeritus Professor **Frederick Hartt** was shown some photographs of an 8-in. headless statue that had recently been purchased by a Swiss foundation. The art historian was "elated. I was almost frightened because the possible facts were so immense," he recalls. "I was overwhelmed and swept off my feet." Hartt went to Switzerland to inspect the figure, which had been part of the collection of **Arthur Honegger**, though the composer did not know who the sculptor was. Last week, at a meeting of the New York Academy of Sciences, Hartt, 72, publicly announced his startling conclusion: the work is the original model by **Michelangelo** for his 17-ft.-tall **David**, one of the world's foremost masterpieces. Five leading art scholars who reviewed the historical and scientific evidence agreed that Hartt had a solid case, but reserved final judgment pending further study. Hartt's book, *David—By the Hand of Michelangelo*, is set for October, but there is no plan to show the model in public.

—By Guy D. Garcia



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Behavior

Pssst! Wait Till You Hear This

A scholar says rumors reveal our fears and desires

Have you heard? There's a Belgian beer that makes you impotent, the Chinese once caught President Nixon pocketing a priceless teacup, and dim-witted ecologists are renting airplanes to drop poisonous snakes on the forests of France.

Dedicated Rumormonger Jean-Noël Kapferer, 38, has heard those spurious stories and some 10,000 other tales. A Parisian academic, Kapferer, in 1984, created the Foundation for the Study of Rumors. His office, not far from the Paris Stock Exchange, runs a 24-hour hotline dedicated to collecting examples of tattle while they are still fresh. "It's very important to hear about them the instant they start," he says. "A rumor is like a fire. You have to be on the spot. Otherwise you find yourself working on hearsay about hearsay."

The rumor mill is a semicovert part of the information media, says Kapferer, who holds an American Ph.D. in social psychology from Northwestern University and teaches at France's School for Advanced Commercial Studies. He believes rumors reveal the desires, fears and obsessions of a society. "They are," he says, "an echo of ourselves."

Kapferer assumes that rumors, which he defines rather woodenly as unofficial information circulating within a social group, are not just idle tales. Long-lived rumors of snakes or spiders coming out of clumps of bananas or children's teddy bears, he believes, probably have a strong xenophobic component—fear of Africa, where bananas grow, or Asia, where stuffed animals are made.

Hearsay can bring psychic benefits to speaker and listener alike. A case in point is the false teacup story about President Nixon, which Kapferer says was spread by the official Chinese press. Instead of challenging the President, so the story goes, authorities arranged to have a performing magician pull the cup out of Nixon's briefcase and replace it with a cheap imitation. Kapferer thinks this rumor offered folk wisdom on how to deal with foreigners. "It showed the essential traits of the image the Chinese have of themselves," he explains. "The final victory of the resourceful Chinese over the crafty foreigner, and the ability of the Chinese to know how to act without having anyone lose face." The tale that ecologists were using airplanes to drop vipers into the woods of Perigord (as prey for endangered hawks) expressed provincial contempt for ecologists as impractical outsiders. "No one bothered to ask whether it wouldn't be cheaper to rent a car or truck to release the snakes," says Kapferer, "or whether the snakes

would survive a fall from an airplane."

Some stories voice new and realistic fears in coded form. A wild rumor that McDonald's was mixing earthworms into its hamburger meat spread across the U.S. as concern about junk food was rising. "The worm represented, on the one hand, the garbage food," says Kapferer, "and, on the other hand, the internal destruction that comes when you eat it. Far from being an aberration on the part of a bunch



of crazies, this rumor was a cry of alarm."

Among the other businesses that have been threatened by rumors are Proctor & Gamble (the notion that the company's moon-and-stars symbol was related to Satanism), a Belgian beer that had to ride out a phony report that it caused impotence, and France's margarine industry, the victim of gossip that the lower-price spread was full of dangerous contaminants. Kapferer thinks French housewives got behind the margarine rumor as an excuse to keep buying butter. One margarine company fought back with an ad slogan describing the story as the "rumor that costs you dearly."

Kapferer says injured parties should be careful about how they fight back, since some rumors seem irrefutable. As an example, he cites Sheila, a celebrated French pop singer. Her delivery of a baby did nothing to dampen rumors that she was a male transvestite.

—By John Leo

Reported by William Dowell/Paris

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Medicine

Tracing Fragile X Syndrome

Research links retardation and autism to an obscure gene defect

Denver Housewife Jeannie Lancaster suspected that something was wrong with her son a few months after his birth. "He was always fussy and would never cuddle," she remembers. "When I would go to pick him up, he would arch away." By the time he was one, he had acquired the alarming habit of banging his head against the wall, and when he began to talk, he repeated the same sound or word over and over again. Says Lancaster, "I kept asking myself, 'What am I doing wrong?'" Professional counselors offered conflicting views. A pediatrician thought the boy might be autistic. School officials said he was emotionally disturbed. Further testing indicated he was mildly retarded.

It was only after Lancaster had given birth to a second son who showed some of the same mysterious symptoms that a family doctor began to suspect the cause. He had just returned from a medical seminar on a newly recognized disorder called Fragile X syndrome, which results from a weakness

in the structure of the X sex chromosome (one of the 46 chromosomes—complex molecules containing long segments of DNA—in the nucleus of the human cell). The behavior of the Lancaster children seemed to fit the patterns described at the meeting, and tests at Denver's Children's Hospital soon confirmed that they both had the defective chromosome.

Virtually unknown to doctors five years ago, Fragile X has come to be recognized as a leading cause of mental retardation among newborns in the U.S., second only to Down's syndrome. It produces disabilities ranging from learning difficulties, especially in math, to mental retardation, often accompanied by such benign physical abnormalities as oversize ears, an elongated forehead, enlarged testes and double-jointedness. Recent research also suggests that Fragile X may be responsible for one out of ten cases of autism, a mysterious condition characterized by extreme withdrawal and refusal to communicate. At one time, autism was often blamed on cold, unfeeling parents.

Doctors diagnose Fragile

X by using a microscope to examine X chromosomes isolated from white blood cells. The defective site is often clearly visible at the end of one of the chromosome's arms. Last year a more accurate diagnostic test was devised by Geneticist W. Ted Brown, of the New York State Institute for Basic Research in Develop-



Geneticist W. Ted Brown with a projected image of chromosomes. Researchers are baffled by the crazy pattern of inheritance.

mental Disabilities (IBR) on Staten Island. Brown's team uses a technique in which snippets of DNA taken from the X chromosomes of people suspected of having the condition are compared with snippets from their normal relatives.

Because the defective site is on the X chromosome, females (who are born with two Xs, one inherited from each parent) are less often affected by the syndrome; their normal X chromosome can mask the effects of the faulty one. But males, who have one X and one Y sex chromo-

some, have no such backup and are therefore more susceptible. Still, for reasons that baffle scientists, not all females are protected, and some males are spared. "About 20% of males who inherit the gene are unaffected carriers, and about a third of all females who are carriers are affected," says Pediatrician Randi Hagerman, of Children's Hospital. "It's a crazy inheritance pattern."

No one understands exactly how or why the Fragile X mutation affects the brain. Autopsy studies by IBR Director Henry Wisniewski and his colleagues have shown that the number of connections, or synapses, between brain cells in autistic children with Fragile X syndrome is unusually low and the connections that do exist are not well developed. "In normal adults the connections are short and stubby," says Brown. "In Fragile X, they are longer and thinner, as in newborns. It's as if a stage of development hadn't been achieved. They haven't made the normal contacts between cells."

Realizing that Fragile X is more common than previously believed, doctors have begun to recommend that all children with unexplained cases of mental retardation be tested for the syndrome. At the very least, they say, such examination will

reveal if the child's condition is hereditary and will enable parents to evaluate the risk of having another affected child. Fragile X can also be diagnosed prenatally by means of amniocentesis. But doctors cannot yet determine whether the fetus will be affected or simply be a carrier.

However the syndrome is discovered, the first few years of the infant's life are crucial. The greatest improvement among slow-learning or mentally retarded Fragile X children occurs when therapy begins early. Both Lancaster

boys have undergone intensive speech, language, balance and coordination training, along with a more controversial treatment with the vitamin folic acid. The younger boy, now 8, seems to be calmer and more attentive than his ten-year-old brother, possibly because his treatment began earlier in life. "We've seen a lot of improvement," says Lancaster. "The boys are both in the Cub Scouts. I know there are people out there who are struggling as we did. Early intervention makes a big difference."

—By Jamie Murphy, Reported by Christine Gorman/ New York

The Shyness Chemical

Can science help shrinking violets blossom? Well, not yet. But Stanford University researchers believe they have identified a chemical key to shyness. In a study of 16 men at the Palo Alto Veterans Administration Center, they found that timid types have lower levels of the brain chemical dopamine than more extroverted individuals (as measured by standardized personality tests).

Past research has shown that abnormal dopamine levels play a role in Parkinson's disease, schizophrenia and possibly narcolepsy, but the Stanford research appears to be the first to link the chemical to a normal personality trait. "There's nothing pathological about shyness," says Psychiatrist Roy King, who headed the study. He concedes that research such as his could lead to new drugs that modify individual personality, but finds the concept "scary." Besides, he says, "society needs both extroverted and introverted people."

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Books

Upside Down and Vice Versa

A CONFLICT OF VISIONS: IDEOLOGICAL ORIGINS OF POLITICAL STRUGGLES
by Thomas Sowell; Morrow; 273 pages; \$15.95

It is a murky business, trying to specify the ideological differences between Democrats and Republicans, boll weevils and gypsy moths; even the traditional differences between liberals and conservatives get cloudy when people call themselves moderates, pragmatists, middle-of-the-roads. Thomas Sowell, an economic historian at the Hoover Institution at Stanford University, would like to start all over again. He has divided people according to two different views of human nature: the "constrained vision" and the "unconstrained vision." "Conflicts of interests dominate the short run," he says, "but conflicts of visions dominate history."

A vision, as Sowell uses the term, is not some mystical moment of perception, "not a dream, a hope, a prophecy, or a moral imperative," but rather what another scholar has called a "pre-analytic cognitive act." It is an almost instinctive sense of what the human race is like and how it functions. "Visions," says Sowell, "are the foundations on which theories are built." The constrained vision imagines people basing all their acts on self-interest and having only a very limited ability to affect their surroundings; the unconstrained vision sees people being guided by reason and always able to improve things. To put it another way, the unconstrained see human beings as perfectible, the constrained as forever flawed. The constrained vision, as expressed by Adam Smith or Alexander Hamilton, seeks trade-offs; the unconstrained vision, as in John Stuart Mill or Thomas Jefferson, seeks solutions. "The constrained vision is a tragic vision of the human condition," Sowell writes. "The unconstrained vision is a moral vision of human intentions."

Sowell steadily pursues his own vision of visions, applying it to a broad variety of contemporary issues. The unconstrained, he says, believe in government action to improve life; the constrained believe in markets and process. The unconstrained think war is irrational and can be prevented by greater understanding; the constrained think it is perfectly rational and can be deterred only by the threat of force. In general, the unconstrained put faith in education, the

constrained in experience; the unconstrained in youth, the constrained in age.

In their correspondingly contrasting views of such basic political concepts as equality or justice, the constrained and unconstrained not only differ from each other but differ so widely that they can hardly understand each other; they use the same words to mean completely different things. "Both visions believe in rights," Sowell says. "But rights as con-

Excerpt

It would be good to be able to say that we should dispense with visions entirely and deal only with reality. But that may be the most utopian vision of all. Reality is far too complex to be comprehended by any given mind. Visions are like maps that guide us through a tangle of bewildering complexities . . . Visions are indispensable—but dangerous, precisely to the extent that we confuse them with reality itself.



ceived in the unconstrained vision are virtually a negation of rights as conceived in the constrained vision." The constrained vision supports equality of opportunity, for example; the unconstrained judges equality not by opportunity but by results. Hence the emotional arguments over such issues as affirmative action in the marketplace or the comparable worth of different jobs, with both sides invoking high moral principles to reinforce their visions.

This begins to sound rather like a redefinition of liberalism and conservatism, but Sowell insists that it is not, and that no one holds to the same vision 100% of the time. There are even what he calls hybrid visions, and he applies that term to both Marxism and fascism. "The Marx-

ian theory of history is essentially a constrained vision," he writes, "with the constraints lessening over the centuries, ending in the unconstrained world of communism." Fascism relies on several key aspects of the constrained vision, "obedience to authority, loyalty to one's people, willingness to fight," but all this under an "unconstrained leader" who feels "no obligation to respect laws, traditions, institutions, or even common decency."

Sowell claims to be describing both conflicting visions impartially, to be making no judgment on their comparative merits, but somehow the quasi-liberal unconstrained vision often seems to lead to positions that few liberals would accept as their own. Sowell cites John Stuart Mill's admiration for "the most cultivated intellects" to suggest that the unconstrained are elitist and hypocrites as well. "It is consistent for the unconstrained vision to promote egalitarian ends by unequalitarian means," he writes, "given the great differences between those whom Mill called 'the wisest and best' and those who have not yet reached that intellectual and moral level."

None of this is very surprising, for Sowell is a dedicated conservative (though he dislikes such labels) much admired in the Reagan Administration and elsewhere. He has won considerable attention for his attacks on affirmative action, school busing and various black leaders. While he likes to ascribe the unconstrained viewpoint to unauthoritative authorities like Ramsey Clark, Sowell often attributes the constrained vision to masters like Oliver Wendell Holmes, who provides some splendid dicta. For example, "The life of the law has not been logic; it has been experience." And, "Every year if not

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every day we have to wager our salvation upon some prophecy based upon imperfect knowledge." And, "It is desirable that the burden of all should be equal, but it is still more desirable to put an end to robbery and murder." Thus stated the case for the constrained vision becomes more impressive than Sowell's rather pedestrian prose could otherwise have made it.

—By Otto Friedrich

Lit Abner

LOOK HOMEWARD:
A LIFE OF THOMAS WOLFE
by David Herbert Donald
Little, Brown; \$79 pages; \$24.95

"O lost, and by the wind grieved, ghost, come back again." Lines like that were once the cynosure of adolescents and the despair of writers like Ernest Hemingway, who called their creator, Thomas Wolfe, a "glandular giant with the brains and the guts of three mice . . . the over-bloated Li'l Abner of literature."

In the '30s, few agreed with that verdict. Wolfe was a best-selling author celebrated for his gargantuan appetites, his 600-page novels with their catalogs of sensual impressions, and his operatic love affair with Stage Designer Aline Bernstein, whom he alternately praised as someone who afforded him the "happiest hours I have ever known" and a "titillative New York Jew." His autobiographical novel *Look Homeward, Angel* was a sensation, and the title of his third book, *You Can't Go Home Again*, became a rallying cry. William Faulkner later appraised him as one of the most important contemporary American writers. But even in his lifetime, Wolfe was cruelly parodied, and after his death from tuberculosis in 1938 at the age of 38, he fell into disfavor, a symbol of self-indulgence and creative excess.

David Herbert Donald, a Harvard historian, attempts to revise that judgment by presenting an oversize, extravagantly gifted North Carolinian who tried bold Joycean experiments in stream of consciousness and attempted to rescue American writing from the expatriate Lost Generation in Europe. According to legend, Wolfe was saved from drowning in his own verbiage by Editor Maxwell Perkins, mentor of Fitzgerald and Hemingway. According to the biographer, Perkins and his colleagues distorted Wolfe's intentions and eviscerated his posthumous works beyond recognition.

Donald opens new biographical sources, and he makes a persuasive case for Wolfe's idiom and energies. But he also acknowledges that his subject "wrote more bad prose than any other major writer I can think of." The only disputable word is major. The quotes from the novels—not to say the novels themselves—suggest the literary equivalent of a dinosaur: vast in structure, unoccupied by thought and, after all the ponderous effort, wholly extinct.

—By Stefan Kanfer



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Bookends

BETTY: A GLAD AWAKENING
by Betty Ford with Chris Chase
Doubleday; 217 pages; \$16.95



"We were up in Vail, where we'd always come for the holidays; there was a lot of good snow, we were together, and I had my pills." Betty Ford made the worst of them. In a confession marked by candor and salinity, the former First Lady traces the history of her chemical abuse. Lesser women might have slunk off to obscurity. But Ford had a saving grace: the ability to feel embarrassment. When her family intervened, she first replied, "You are all a bunch of monsters. Get out of here and never come back." They refused to get out of her life, and she was forced to face the mirror and the facts.

Her battle with substance abuse was fought more than a decade ago, and she made sure that the cure was contagious. "Sometimes," she says, "I'm almost sorry for people who haven't been alcoholic, because I know things that a person who's never been sick doesn't know." In 1982 a clinic was established in her name, and she offers a series of case histories of the famous and the obscure who entered the place as emotional basket cases and emerged as feisty, drug-free graduates. There are no miracles here, but there is a collective refusal to succumb to the temptations of self-pity or despair. Betty and Gerald Ford have witnessed some extraordinary changes in life and in politics, and the sounds that now emanate from the Betty Ford Center may be the cheery clatter of the last laugh.

HOLD ON, MR. PRESIDENT
by Sam Donaldson
Random House; 272 pages; \$17.95



Sam Donaldson is probably the nation's best-known political reporter and almost certainly the most controversial. His blunt phrasing of questions is exceeded only by his brash style of lobbing them like grenades, ambushing Presidents at every photo opportunity. *Hold On, Mr. President*—a phrase that Donaldson says he has never actually used but that typifies his approach—is in large part an attempt to justify his manner to readers who think him disrespectful. Although he offers plenty of eyewitness disclosures about Ronald Reagan fumbling over details and Jimmy Carter ruthlessly playing to win, he emphasizes the growing difficulty of breaking through White House image manipulation to get straight answers about U.S.

policy, and has added timely passages about how isolation from press oversight contributed to the Iran-*contra* crisis. As tough on the page as on the screen, Donaldson prides himself on having written without a ghost, and the book's rambling, unpolished quality is more than offset by his anecdotal candor.

FINE THINGS
by Danielle Steel
Delacorte; 408 pages; \$18.95



This time out, Danielle Steel offers her legion of dedicated followers a correspondence course in obstetrics. There is no graphic sex; in its place are elaborate descriptions of childbirth, from Lamaze breathing to Braxton Hicks contractions, from ostentatiously difficult labor and major pushing to the parents' initial moments of joy. Alas, happiness is short-lived for Bernie Fine and the gallant young mother, Liz, a woman who in the excruciating last stages of her fatal illness can still turn out two pans of heart-shaped cupcakes. Bernie, the human version of a cocker spaniel, is kicked around by circumstance but remains loyal, patient and good, the classic example of what occurs when bad things happen to good dogs. Steel, who holds the Guinness record for most consecutive weeks on the best-seller lists, obviously knows what her audience wants. But in detailing Bernie's depressing and predictable struggles, she seems to be laboring a little too hard herself.

THE ROPESPINNER CONSPIRACY
by Michael M. Thomas
Warner; 433 pages; \$18.95



Michael M. Thomas' financial-disaster fictions (*Green Monday*, *Hard Money*) are notable for blue chip prose, righteous indictments of greed and highly original plots. *The Ropespinner Conspiracy* introduces the best mixture to date. The novel's premise is that free enterprise perpetuates the means of its own destruction or, as Lenin said, "Capitalism will sell us the rope with which we hang it." In the Thomas version, the Soviets have two moles at the heart of the Wall Street establishment. Over the years, the pair conspire to wreck the U.S. economy by lending billions to insolvent Third World nations, promoting junk bonds, Government bailouts and such volatile stock-market gimmicks as program trading and index futures. In short, the U.S. financial world as we know and love it, Thomas, a former investment banker, handles his profit-of-doom scenario with such skill and confidence that one hopes he is not trading on insider information. ■



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Music

The Lyrical Assassin at 5 a.m.

Got a favorite movie theme? This man probably wrote it

It is not so much that Ennio Morricone has lost count. He just never kept one. By rough reckoning, he has upwards of 130 original scores for film and television to his credit. This total does not include his various chamber and orchestral compositions, nor does it tally all the musical arranging he did for records, radio and the theater. But whatever the vagaries of the composer's archival arithmetic, there is no doubt that he has written scores for many films that count heavily in contemporary history.

In all these collaborations, in which Morricone reflects and expands on each director's distinctive style, music and image are indivisibly wedded. Remember a movie, and you can hear its music too. There have been five for Bernardo Bertolucci, including the ravishing *1900*. Gillo Pontecorvo's *The Battle of Algiers* and *Burnt*, brimming with political conscience and passion. John Boorman's *Excalibur II: The Heretic*, a witchy reverie of evil and redemption. Terrence Malick's edgy elegy to heartless heartland America, *Days of Heaven*, took on the resonance of some dark folk ballad. And all Sergio Leone's pop-folk epics, from *A Fistful of Dollars* to *Once upon a Time in America*, have had their mythic dimensions deepened by Morricone themes. The music and the filmmaking are reciprocal: each makes the other indelible.

Now, at 58, Morricone has been nominated a second time for an Oscar (the first was for *Days of Heaven*). His score for *The Mission*, a large-scale parable of clericalism and colonialism in 18th century South America, is one of the loveliest he has ever done. The composer concedes, "This music represents me nearly completely." Says Leone: "It's practically like a sung mass." Morricone's mother, who is 83, has a slightly different perspective. "These Americans!" she said when Morricone's wife Maria called with the nomination news. "It is four or five years that they should have given him the Oscar! Let's hope that this is the right time, the real time."

Morricone nearly did not make the time for *The Mission* at all. After Director Roland Joffe screened the film for him, the composer announced that he would not do the music. "It was so beautiful without it," he explains. "But everyone insisted and begged me to write."

Now, whenever Morricone suffers

an occasional twinge of conscience about forsaking the concert hall for the soundstage, he overcomes it "with great ease by thinking of movies like *The Mission*."

Morricone's father was a trumpet player who performed jazz and opera and worked on movie scores. His son started to write music ("dreadful") at the age of six. When he was twelve, his parents enrolled him in the Rome music conservatory, where he finished a four-year harmony course in six months. Morricone remembers that his professor, wary of wasting such a potential talent, told him sternly that "if I did not enroll in the composition course, I was an assassin." He also taught his student that "one of the values of a music script is the pain that produces it."

Within the Roman splendors of his apartment, Morricone induces daily doses

of therapeutic distress by getting down to work with the dawn. "Tell me," he challenges, "what other composers get up at 5 in the morning?" Morricone does not use his regal Steinway grand for composition, but sits over his score paper at a desk in his workroom. The room, kept locked against the incursions of four children, ages 20 to 30, who still come by and "steal my records," also accommodates a broken 17th century organ, a functioning studio-size recording console, piles of music books and tapes, and a secret desk drawer filled with soap filched from hotel rooms around the world. At the moment, Morricone is in the throes of scoring Brian De Palma's upcoming *The Untouchables*. He works nine-hour stretches almost daily, in part because he is perpetually plagued by the question "Will I write again tomorrow?" Whoever says I write too much music doesn't understand that there is a deep necessity. When a composer writes little, he starts being afraid.

And when a composer starts to write, indeed, he can use a little hustle. When Sergio Leone, in search of music for his new western, first met Morricone in 1964, the eager tyro whipped out an old photo of the two of them together as classmates at a Christian Brothers' school in Rome. Surprised and delighted, Leone remained skeptical of Morricone's abilities until the composer dusted off a piece written seven years earlier for an American baritone. That arrangement became one of the major themes in *A Fistful of Dollars*; and their partnership was cemented, even though Leone still likes to keep Morricone off-balance. "At my house," the director reports, "I force him to play on a piano that is completely out of tune so that he has a good excuse if the music is not good."

Morricone may express occasional dissatisfaction, as when he admits, "I feel *antipatico*. My face, when I see myself in a mirror, I don't like it. It's all wrong." Modesty is never absent ("I always repeat myself—each composer has a musical calligraphy"), but self-defense comes in handy too, as with suggestions that parts of *The Mission* echo the choral medievalism of a Carl Orff war-horse: "There is nothing in *The Mission* that reminds one of *Carmina Burana*! When people hear the choir singing out loud and staccato, they believe that is *Carmina Burana*, but they are deaf people who don't understand!" But no excuses are really necessary for his music. He may, right now, be the best orchestral film composer in the world, and it does not take a mother's pride to think so. With a little luck, she may be right about the timing too.

—By Jay Cocka

Reported by Cathy Booth/Rome



Ennio Morricone at home in his Roman drawing room

"It is five years they should have given him the Oscar!"

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Fashion

Been There, Seen That, Done That

London's Katharine Hamnett has a deft hand for funk

The shirts sound off with letters dense as coal and inches high. They are oversized Ts, big enough to sleep two stevedores comfortably and colored like signal flags. Wearable broadsides: CHOOSE LIFE. HEROIN FRUIT ZONE. PRESERVE THE RAIN FORESTS. EDUCATION=NOT MISSILES.

Such shirts are the most noted creation of British Designer Katharine Hamnett, who showed up at a 1984 London fashion-biz reception to shake hands with Prime Minister Margaret Thatcher sporting a T that had something rather pointed to say about the presence of Pershing missiles in Europe. "I didn't realize the effect wearing that T shirt would have on my reputation," the designer insists. The incident, well covered in the press, did make her a bit notorious, which was a novelty. She had, after all, already spent some time being one of the best designers in England.

Hamnett, 39, has a deft hand for funk, and her clothes for men and women

look lived-in even when they are freshly pressed, like something hung on a wooden peg behind the back door. She works largely and most successfully in utilitarian fabrics: cotton drill, lining silk and, for the coming season, leather that seems to have been ridden over by a motorcycle gang on a rainy Sunday. Her lines are loose and simple, the detailing fine and witty and heavy on the pockets. The clothes are not remakes of hardy perennials like parkas and biker jackets, but revisions of them. Even her dressier duds have the aged-in feeling of favored sportswear. Maybe better than anyone else just now, Hamnett captures the roughed-up elegance of the everyday. Everything she makes is a little playful, like her swimsuits, and as homey as a pair of jeans. And her denims, indeed, tempt the wearer to apostasy: they just could be better than Levi's.

Hamnett's influence is strong all over the fashion range, from the well-crafted intricacies of Marithe and François Girbaud to the heavy assimilations of Go Silk, a new American line that seems to have been entirely inspired by Hamnett's

deft work with lining fabric. "I was called 'possibly the most copied designer working today' in the *Observer*," Hamnett reflects, managing to sound proud and a touch rueful at the same time. Her clothes are available all around the U.S., but the fullest range can be found at the designer's showcase store on London's Brompton Road. Originally an automobile garage, the shop has enough floor space to comfortably accommodate menswear, women's clothes and a Roman chariot race. "There could be more clothes in it," frets Danish-born Fashion Entrepreneur Peder Bertelsen, who backs Hamnett's retail enterprises on the designer's home turf. "Katharine's very exciting to work with," he adds. "She shouts at me and calls me names I can't find in the English dictionary."

It is likely that Hamnett picked up some of her more exotic expletives during a girlhood that was spent around the military. Her father was a British air attaché, and she and her family shuttled between European air bases and embassies, where she played at being "mademoiselle on the reception line dying to go home and loosen her corsetlet." Everything got loosened up

Good gear off the Hamnett peg: some foxy costumes for clubbing, left, dunking, right, and just hanging about in snazzy gabardine



at St. Martin's School of Art. Hamnett married, disastrously. With a friend, she had started her first fashion company in 1969, but it went bust, in the wake of a bitter divorce. In 1975, "I eventually lost everything," she says. To support herself and her older son Sam, now ten, she freelanced for some small sportswear labels in Italy, and she kept on making clothes to sell from her London home. Finally, in 1979, she was able to start her own company with a loan of \$750. Last year the business racked up close to \$15 million in sales.



The designer at work in her London lair

Such success brings a little creature comfort for Hamnett. Sam and young William (born in 1981), like the getaway cottage the family keeps in Majorca. It also permits the designer an occasional indulgence (her North London office, walled round with papier-mâché rock, looks like Plato's cave built from a prefab kit) and a healthy dose of esthetic restiveness. "I try to be creative and earn money at it," she says. "But it's like being a painter and having a gun pointed at you. I envy Marcel Duchamp for just stopping. Though he had a rich wife." Hamnett's Buddhism keeps her on course ("I'm not into chanting, though I will occasionally when I want a parking space, which is naughty"), and her own vitality keeps her on the move. "Been there, seen that, done that" is the way she reviews old notions en route to fresh inspiration. The "most copied designer working today" is not about to go into details of her new women's clothes, which were to be shown during the London collections on March 14, but she does say, "The feeling in the collection is old jewelry, the real thing... I'm making educated clothes."

She is also still making waves. Concerned about pressing issues of public health, she says, "We're thinking of having Katharine Hamnett condoms, like peppermints, in the shops." She is also making boxer shorts with special condom pockets, while Bertelsen, wary of a "campaign about AIDS," worries about her "going too far." That, of course, is the compass point at which Hamnett is perpetually fixed. She has, indeed, come up with a new T shirt for these dire days (FRANKIE SAYS USE CONDOMS), but confesses that she did have to compromise a bit. "I wanted to do THE POPE SAYS USE CONDOMS," she says. "But it is libelous."

—By Jay Cocks.

Reported by Liz Nickson/London

Picture it.
Your boss has just
ordered Chivas.
Two colleagues have
just ordered Dewar's.
And you say,
"Famous Grouse, please."

"Famous *what*?" say all three.
"Grouse," say you. "The Famous
Grouse."

And with a wee
dram of luck, the boss
may ask for a taste.



You can prod him, of course,
by explaining that Scotland knows
no finer Scotch... that, indeed, it
ranks first in that land of experts.

Admit casually that it costs a
bit more than Dewar's, "but a
tad less than yours, sir."

As always, the taste will
be the clincher. "Aha," he will
say, "I like *our* Scotch."
Whereupon, you have hop-
scotched your competition.

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Milestones

Pied Piper to Children of All Ages

Danny Kaye: 1913-1987

For some, it was that crazy dance near the end of the 1949 film *The Inspector General*. For others, it was the *Tschai-kowsky* song in the 1941 Broadway hit *Lady in the Dark*, when he wrapped his tongue around 57 names of Russian composers in 38 rat-a-tat seconds. Or maybe the exhilarating flying sequence in the

Show that won an Emmy nomination in 1986. When he died at 74 last week of hepatitis and internal bleeding, with his wife Sylvia and daughter Dena at his Los Angeles bedside, it seemed everyone in America—perhaps the world—had a favorite memory of Danny Kaye.

In his early days it looked as though



Limber of face and graceful: displaying his madcap conducting style in 1981

1947 movie *The Secret Life of Walter Mitty*. Or the righteousness of a Holocaust survivor protesting a neo-Nazi march in the 1981 TV film *Skokie*. Or the madcap orchestral conducting of a man who could not read music, leading *The Flight of the Bumble Bee* with a flyswatter, cuing the violins with a high kick. Or perhaps the joyous clowning with moppets around the globe as official ambassador of the United Nations Children's Fund (UNICEF). Even great-grandchildren of his first fans were beguiled by an appearance on *The Cosby*

David Daniel Kaminski would be lucky to match the career achievement of his father, a Brooklyn tailor. Hired as an office boy by a dentist who later became his father-in-law, he was fired for using drills to incise blocks of wood. An insurance company sacked him for addition errors that allowed a claimant to run off with a \$36,000 excess payout. Even after he broke into show business, Kaye took his bumps—and grinds: he lost a job assisting Fan Dancer Sally Rand when he dropped her visual obstacles at an unpropitious

moment. Thus he always resented being termed an "overnight" success at 27. From then on he was never long out of the limelight: he won a special Oscar in 1954, Emmys in 1964 and 1975, the Motion Picture Academy's Jean Hersholt award in 1982 and Danish knighthood in 1983, both for humanitarian efforts, and Kennedy Center honors in 1984.

It was fitting that his most enduring work, more than three decades for UNICEF, was directed at children. His persona remained forever childlike: innocent, questing, bumbling but boundlessly optimistic. That character throbbed with physical but rarely sexual energy. Limber of face and graceful even in pratfalls, he was zany but gentle, making fun chiefly of himself. Offstage, Kaye was someone else. His marriage to Sylvia Fine, who wrote many of his hit songs and comic routines, endured 47 often stormy years. In 1953 she told the New York *Herald Tribune*: "I can't say what Danny Kaye is like in private life. There are too many of him." Co-workers frequently saw him as temperamental, even abusive.

He loved to show off his protean talent. He invited New York City Mayor Edward Koch to dinner and cooked the Chinese meal himself. Barnstorming in 65 cities over five days for UNICEF in 1975, he also flew the plane. As co-owner of the Seattle Mariners, he lectured the team on hitting. In only one pursuit was he content to stand by and watch: having yearned to become a surgeon, he often donned mask and gown to observe. Physicians, like almost everyone else he dealt with, described him as a discerning student who could have joined their ranks. Kaye said he would have preferred that, because it involved helping people. He became an entertainer, he said, not because he wanted to but because he was meant to. About that, there seems little doubt. —By William A. Henry III

MARRIED. Dorothy Hamill, 30, winsome figure skater and winner of the 1976 Olympic gold medal at Innsbruck; and **Kenneth Forsythe**, 44, a California physician specializing in sports medicine; both for the second time; in Anchorage, where she is on tour.

HOSPITALIZED. Linda Marchiano, 38, former porn queen who gained notoriety as Linda Lovelace, star of the sexually explicit film *Deep Throat* (1972) and an anti-pornography activist since 1973, for a liver transplant following life-threatening hepatitis, in Pittsburgh.

HOSPITALIZED. Buddy Rich, 69, artful and acclaimed jazz drummer whose blistering percussion epitomized his belief that the drummer is the "real quarterback of a band"; with an inoperable brain tumor; in Los Angeles, where he is undergoing chemotherapy.

HOSPITALIZED. Rudolf Hess, 92, Nazi leader who was once second in line, after Hermann Göring, to succeed Adolf Hitler; with pneumonia; in West Berlin. In 1941 Hess parachuted into Scotland in a self-proclaimed attempt to negotiate an end to Germany's war with Britain. Arrested as a prisoner of war, he was later tried, sentenced to life imprisonment and sent to the Spandau fortress for war criminals in West Berlin, where since 1966 he has been the sole inmate.

DIED. Edward Zorinsky, 58, apostate Nebraska Republican who won a U.S. Senate seat in 1976 and 1982 as a Democrat; of a heart attack, shortly after performing a musical self-parody of his switch in affiliations at a press-club show; in Omaha. When asked if he felt like a Democrat or a Republican, the former G.O.P. mayor of Omaha once said, "You know, I've always wondered about that myself."

DIED. Joan Greenwood, 65, plummy-voiced English actress who provided a witty female foil for Alec Guinness in such classic comedies as *Kind Hearts and Coronets* (1949) and *The Man in the White Suit* (1951); of a heart attack; in London.

DIED. Randolph Scott, 89, courtly film star who moved from supporting roles in 1930s musicals and comedies with Fred Astaire and Cary Grant to portrayals of military heroes in World War II movies and, finally, to the laconic, leathery cowboys of such westerns as *Santa Fe* (1951), *Comanche Station* (1960) and *Ride the High Country* (1962); of heart disease; in Los Angeles. As reserved offscreen as most of his celluloid paladins, the Virginian shunned the public eye after he retired in 1962. With 100 films to his credit, Scott said he subscribed to only one Hollywood dictum: "Never let yourself be seen in public unless they pay for it."

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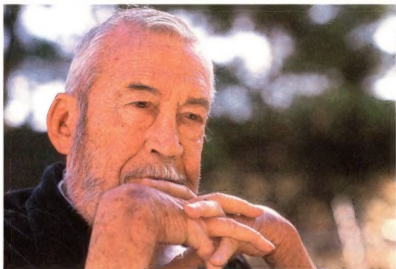
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Show Business



The director on the set: "I like it when the audience forgets there's a screen... and just beholds"

John Huston Raises *The Dead*

In California, the director puts Joyce's classic story on film

At first glance the symbolism is painfully apparent. On the set of his 37th feature film, in a makeshift studio 35 miles north of Los Angeles and a world away from Hollywood, the 80-year-old director sits in a chair, watching the action on a closed-circuit television monitor and rumbling orders into a microphone. The jauntiness of his warm-up suit is belied by the clear plastic tube that runs from his nose, behind his ears, down his chest and along his leg to an oxygen tank, a last-ditch defense against the emphysema that has plagued him for decades.

Hand-painted tiles, stained-glass windows and brass samovars have been transformed a drab warehouse in Valencia into a Dublin interior, circa 1904. Actors and actresses in long gowns, high collars and tails move about a realistic drawing room replete with chandelier and an old-fashioned square piano; in another room a dining table is set for 16 people. Outside, plastic snow falls steadily. In failing health, near the end of his career, John Huston is filming James Joyce's great short story *The Dead*.

Even though Huston nearly died several times last year, no one connected with the film is calling it a valedictory. "I spent every moment of my childhood thinking he was going to drop dead any minute," says his daughter Anjelica Huston, 35, who plays the heroine, Gretta Conroy. "He's been brought to

his knees in the past four years, but he won't lie down. This project is certainly close to his heart, but not because of any imminent decay."

Indeed, the production has been an affirmation of the family Huston, a confluence of circumstances that sums up two generations of experience. "This picture is very significant to me," says Huston, a Joyce aficionado who lived in Ireland for 25 years and still holds an Irish passport. "It's based on Joyce, it takes place in Ireland, it stars my daughter and is written by my son." The man who directed his father Walter in the 1948 classic *The Treasure of the Sierra Madre* (for which both won Academy Awards) and guided Anjelica to last year's supporting-

actress Oscar in *Prizzi's Honor* has now added Tony, 36, the author of the screenplay, to the family business.

The project began, however, with the movie's two German-born producers, Wieland Schulz-Keil and Chris Sievernich, who decided to film *The Dead* three years ago. "There was never any doubt that we'd do it with John and no one else," says Schulz-Keil. "His way of making movies meshes perfectly with the subject matter. Both he and Joyce tell a story by giving everyday objects allegorical meaning, turning the everyday into the sublime." The decision to hire Anjelica and Tony, the producers insist, was theirs.

Huston has always enjoyed literary subjects. He has tackled Stephen Crane's *The Red Badge of Courage* (1951), Herman Melville's *Moby Dick* (1956) and Tennessee Williams' *The Night of the Iguana* (1964). But Joyce offered a special challenge. Lights, camera, no action. "The movie doesn't have a single automobile chase," notes the director dryly. "No gun duels. The biggest piece of action is trying to pass the port." On a snowy Dublin evening during the Christmas season, Gabriel Conroy and his wife Gretta attend his maiden aunts' annual dinner dance. He is a smug, possessive "stout tallish young man," who is preparing some after-dinner remarks with allusions to Browning and classical antiquity that, he fears, will sail over the heads of his unsophisticated audience.

The problem is, the people for whom he has a genial contempt keep upsetting his equilibrium. A harmless pleasantry to the maid about her marriage prospects is rewarded with an unexpectedly bitter rebuke about men. A brief turn on the dance floor with a young woman results in a discomfiting discussion of Irish patriotism. Finally, the innocuous singing of a melancholy Irish air leads Gretta down a bitter path of memory that results in a crushing revelation of a past life and an forgotten lover who died for love of her.

This is hardly the stuff of which box-office triumphs are made. In their search for financing, the producers heard a familiar show-business refrain: "Not mainstream enough" or "Not youth-oriented enough." Because of the fragile state of Huston's health, insurance companies would underwrite the film only on the condition that his friend Director Karel Reisz stand by. The all-Irish cast—including Donal McCann (as Gabriel), Donal Donnelly and Dan O'Herlihy—was drawn largely from Dublin's famed Abbey and Gate theaters, but it had no star power in Hollywood's terms. All studios, major, minor and inde-



With Son Tony and Costume Designer Dorothy Jeakins

pendent, turned the film down, despite the low, \$5.5 million cost.

Last November, Vestron Pictures, a new Connecticut-based film company, agreed to put up roughly half the money, thanks largely to its executives' interest in Irish literature; the rest of the backing came from Europe. "It's a risk for us, of course," says Vestron Vice President Bill Quigley. "But we consider it one for the soul." For Huston it is one from the heart. Although the story has been expanded to fit the new medium, the director insists it remains faithful to the source. "I don't think that Joyce's spirit would raise its head in holy horror," he says. "The changes we made were undertaken with joy and a light heart."

Working five days a week from 10 to 6 on a tight, seven-week shooting schedule (the exteriors will be shot later in Ireland), Huston has little room for error. Although his physical condition limits his mobility, he still agonizes over the simplest things, laboring to get the effect just right. "I like it when the audience forgets there's a screen, forgets it's a story and just beholds," he says.

An efficient worker, Huston rarely needs more than two takes to get a sequence in the can. Yet a scene in which three actors walk down a flight of stairs is repeated nine times until it has the ideal combination of movement, emotion and technical perfection. Later, while watching some shots of Irish countryside onto which falling snow has been superimposed, Huston frets again. "The snow could be a little darker," he says. "Film some more snow against the evening sky."

And after this film, what next? "I feel neither a contentment with what I've produced nor a burning desire to do more," says Huston. "There are a number of projects I'm contemplating. I couldn't pull back any more than a painter could stop painting or a composer could stop writing music. There's nothing to retire from." Although age and infirmity have taken their toll, in the midst of *The Dead* there is still life.

—By Michael Walsh

Reported by Elaine Dutka/Los Angeles



The Connoys: McCann and, right, Huston

Theater



Home yet away: Wiest and Silver imprisoned within the nightmare confines of a brass bed

Streets Paved with Pitfalls

HUNTING COCKROACHES by Janusz Glowacki

She is an émigré actress renowned in Warsaw for roles in the classics. In New York City she shuffles around a decaying and almost bare tenement flat, hanging up tea bags to dry for reuse while intoning Lady Macbeth's hand-washing scene in an odd singsong with a thick Polish accent. No one will hire her, and even she can hear herself and understand why.

He is an exiled writer, and his plight is, if anything, worse: audiences in his new country know next to nothing of the life he used to write about, and he knows next to nothing of the life familiar to them. To him, America is the Lower East Side of Manhattan plus the abstract, rectilinear shapes of the states on the map he stares at hour after hour. The story that this married couple tells is comic but grim: for the sake of freedom they have given up money, status, craft and identity. They are not only strangers in a strange land, they are becoming strangers to themselves. The U.S. can be a promised land for those who have nothing. For an artist, the promise may be a mirage.

Playwright Janusz Glowacki, 48, understands these frustrations all too well. After his novel *Give Us This Day*, about the birth of Solidarity, was banned by the Polish censor in 1981, Glowacki arrived in the U.S. as a virtual unknown. *Hunting Cockroaches*, which opened off-Broadway last week, transmutes his struggles into vibrant farce devoid of self-pity. During an emblematic sleepless night, as nightmare figures ranging from an immigration officer to condescending liberals pop out from beneath their bed, the pragmatic couple never complain of life's unfairness. They ac-

cept having to prove themselves. They just wish it would not take so long.

Glowacki's text, translated by Jadwiga Kosicka, benefits from lively staging by Arthur Penn and sensitive performances. Ron Silver bearishly evokes the descent from self-doubt to despair. Dianne Wiest (an Oscar nominee for her role in Woody Allen's *Hannah and Her Sisters*) bubbles with fantasies of redemption: she stuffs a pillow under her clothes and says she will have a child; she tells an enigmatic joke and vows to become a stand-up comic. Each gently deflects the other in a tender marriage, unharmed by grief.

The title evokes in equal measure the mundane pests who scurry through the apartment and the character in Kafka's *Metamorphosis* who arises one morning to find himself no longer a salesman but a bug. For this couple, each dawn is a reawakening to humiliation, each day a struggle to believe they can make an art as universal as Kafka's. They speak of their homeland with attempted distaste: "In Eastern Europe, nobody has a sincere smile except drunks and informers." They echo Poland's subjugation: they yearn to be Russian refugees, who they believe are more in fashion, and wish they had Russian goods to sell. But in the most poignant scene they feel compelled to telephone someone, anyone, back home, just to ask how things are. After realizing that everyone they can think of has emigrated, gone to prison, committed suicide, become a collaborator or retreated into paranoid fear of the state police, the wife sadly dials the number for the correct time—in Warsaw. —By William A. Henry III

Essay

A Small Moral Quandary

"Let's meet for lunch at 1 o'clock at the Millennium Club," the distinguished person said.
"O.K.," the essayist said.

The essayist doesn't much like the Millennium Club and has not been there for quite a while. The club's food is generally overcooked and its atmosphere musty—all leather armchairs and dark green table lamps and bound sets of people like Bulwer-Lytton. But there are compensations of a sort. It is always faintly possible that one might meet some celebrated old walrus.

But the essayist faced a small dilemma: Is it really socially acceptable to go to lunch at places like the Millennium Club, which practices the weird ritual of barring women from its cobwebbed sanctuary? The club has a token black or two—nothing racist about the dear old Millennium—but a spirited faction among its members insists that the admission of women would "alter the character" of the institution. The essayist, who rather prefers the company of women to that of men, agrees. The character of the club would indeed be changed, by being improved. The essayist might even want to join.

Actually, the essayist doesn't see why any self-respecting woman would want to enter a club filled with moss-backed Millenarians, but there is a popular theory that social clubs of this sort represent a kind of secret power center, where the old-boy network twines from armchair to armchair and the old boys negotiate million-dollar contracts between the clam chowder and the eggs Benedict. The essayist doubts that there is much truth in this. It seems like one of those fantasies that the excluded often concoct about the places and people that exclude them. The essayist has been to a reasonable number of clubs, and although he has had pleasant conversations there, he can not recall ever having heard anyone say a very useful word about anything. The clubs, of course, deny that they are places of business; in fact, some even have rules against any piece of paper lying on a table. On the other hand, the mere fact that the clubs deny the women's charges suggests that they may be true after all. In any case, a number of local governments have ordered the clubs to stop discriminating against blacks or women or anybody else. In theory, a private club that gets tax benefits or serves as a place of business has no right to exclude people.

New York City's human rights commission, for example, has filed charges against the University Club, the Union League and the Century Club to force them to admit women. The University Club is fighting in court, and lost its latest appeal in February. The Los Angeles city council is considering a new ordinance that would prohibit any club from barring people on grounds of race, religion or gender.

Around the country, a number of such clubs have politely surrendered—the Houston Club, for example, and the Detroit Athletic Club—but others keep maneuvering with all the grace of frightened schoolboys. (Speaking of which, the Princeton University council last month asked New Jersey authorities whether Princeton's last two all-male eating clubs could escape going by severing all connections with the university, as several all-male clubs at Harvard have done.) Washington's splendiferous Cosmos Club, which boasts Woodrow Wilson and Oliver

Wendell Holmes among its past members, has even tried (unsuccessfully) to require new members to sign a pledge that they will not try to change the club's bylaws, which limit membership to "men of accomplishment." Critics of the Cosmos' policies have formally asked the D.C. alcoholic beverage-control board to cancel the club's liquor license.

It was getting on toward 1 o'clock, and still the essayist, who is given to idly wondering, idly wondered: Is it really acceptable to go to lunch at the Millennium Club? He casually asked a colleague whether he was a member, and the colleague said he had been but had resigned. That seemed very high-toned and impressive, but the essayist is not a member, and it would seem excessive to join an organization solely to resign from it in protest. The colleague then explained that his wife had given him no peace on the subject, and he valued peace. So now would he go to lunch there if another member invited him? Sure. Would he go to lunch at a club that barred blacks? No. "What's the difference?" the essayist inquired. The colleague paused. "I don't know," he said.

These are small things, to be sure, and not a single sick or hungry child will feel better because the Millennium Club opens its doors to women. On the other hand, is life not made up of small things? Lots and lots of small things? And isn't there considerable truth in that old banality of Edmund Burke's about the only thing necessary for the triumph of evil being for good men to do nothing (the presumably meant good people or good individuals, but never mind—the creation of aphorisms was simpler in Burke's day)?

So down with the Millennium Club and all its partners in crime! Far from having lunch there, let us march against it and wave our banners before its marble portals. Down with all discrimination! Equality for all! We demand justice!

"Wait a minute," said a woman who works down the hall. "I hope you're not going to be one of those people who try to argue that women have to let men into the Colony Club."

"Sure I am," said the essayist, all filled with revolutionary enthusiasm.

"But that's one of the most important discoveries of the women's movement," she said, "that women need to have some place where they can talk about their experiences."

"They can do that with men on the premises too," the essayist said. "I'm for desegregation in all things."

"No, they can't," said the woman who works down the hall.

"As a matter of fact," said the colleague who had resigned from the Millennium Club, "I'm enough of a libertarian to think that as long as a club is *really* private, it ought to be free to exclude anybody it wants, women or blacks or Greeks or people with red hair or whatever. Let them all start their own clubs."

"Ah, well, I think it is now just about time for lunch," said the essayist, whose revolutionary impulses rarely last very long.

Just a little bit guiltily, he went to lunch at the Millennium Club. The conversation with the distinguished person was very pleasant. He didn't meet anyone else, and no business of any kind was transacted. The bound sets of people like Bulwer-Lytton looked much the same as ever, and the sthis kebab was overdone.

—By Otto Friedrich



QUICK! WHICH IS THE PHONE, AND WHICH IS THE COMPUTER?

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